COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

Borough of Mountain Lakes Board of Education Mountain Lakes, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

Borough of Mountain Lakes Board of Education Finance Department

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)	Page
Letter of Transmittal Organizational Chart Roster of Officials Consultants and Advisors	1-4 5 6 7
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	
Independent Auditor's Report on General Purpose Financial Statements and Supplementary Schedules of Expenditures of Federal Awards and State Financial Assistance	11-12
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis (Unaudited)	14-20
BASIC FINANCIAL STATEMENTS	
 A. District – wide Financial Statements: A-1 Statement of Net Assets A-2 Statement of Activities 	23 24
B. Fund Financial Statements: Governmental Funds: B-I Balance Sheet	27
 B-2 Statement of Revenues, Expenditures and Changes in Fund Balances B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 	28
	29
Proprietary Funds: B-4 Statement of Net Assets B-5 Statement of Revenues, Expenses and Changes in Fund	31
Net Assets B-6 Statement of Cash Flows	32 33
Fiduciary Funds: B-7 Statement of Fiduciary Net Assets B-8 Statement of Changes in Fiduciary Net Assets	35 36

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT

TABLE OF CONTENTS CONTINUED

		Page
NOTE	S TO BASIC FINANCIAL STATEMENTS	38-60
REQU	IRED SUPPLEMENTARY INFORMATION – PART II	
C.	Budgetary Comparison Schedules: C-1 Budgetary Comparison Schedule – General Fund C-1b Education Jobs Fund Program – Budget and Actual-General Fund C-2 Budgetary Comparison Schedule – Special Revenue Fund	63-66 67 68
NOTE	S TO REQUIRED SUPPLEMENTARY INFORMATION	
	C-3 Budget to GAAP Reconciliation	70
OTHE	R SUPPLEMENTARY INFORMATION	
D.	School Level Schedules:Fund Financial Statements: D-1 Combining Balance Sheet D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type-Actual D-3 Blended Resource Fund – Schedule of Blended	N/A N/A
_	Expenditures - Budget and Actual	N/A
E.	Special Revenue Fund: E-I Combining Schedule of Program Revenues and Expenditures - Budgetary Basis E-Ia Combining Schedule of State Program Revenues and	74
	Expenditures – Budgetary Basis E-1b Combining Schedule of Federal Program Revenues and Expenditures – Budgetary Basis E-1c Combining Schedule of Local Program Revenues and	75 76
	Expenditures - Budgetary Basis	77
F.	Capital Projects Fund: F-1 Summary Schedule of Project Expenditures F-2 Summary Schedule of Revenues, Expenditures and	79
	Changes in Fund Balance – Budgetary Basis F-2a -2d– Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	80 81-84
G.	Proprietary Funds: Enterprise Fund:	
	G-1 Combining Statement of Net Assets G-2 Combining Statement of Revenues, Expenses	N/A
	and Changes in Fund Net Assets G-3 Combining Statement of Cash Flows	N/A N/A

BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT

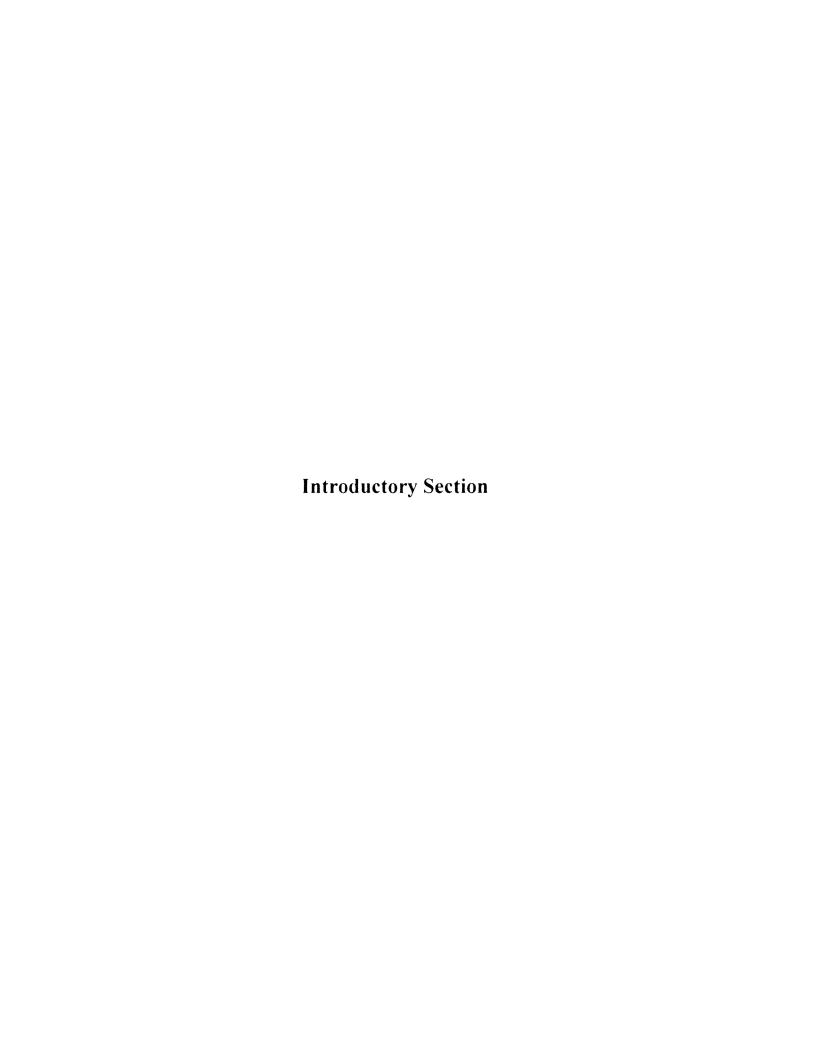
TABLE OF CONTENTS

OTHE	R SUPPLEMENTARY INFORMATION (CONTINUED)	Page
G.	Proprietary Funds:	
	Internal Service Fund:	
	G-4 Combining Statement of Net Assets	N/A
	G-5 Combining Statement of Revenues, Expenses	
	and Changes in Fund Net Assets	N/A
	G-6 Combining Statement of Cash Flows	N/A
Н.	Fiduciary Fund	
	H-1 Combining Statement of Fiduciary Net Assets	N/A
	H-2 Combining Statement of Changes in Fiduciary	***
	Net Assets	N/A
	H-3 Student Activity Agency Fund Schedule of	00
	Receipts and Disbursements	89
	H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	90
	Disoursements	90
I.	Long – Term Debt	
	I-1 Schedule of Serial Bonds	92
	I-2 Schedule of Obligation Under Capital Leases	N/A
	1-3 Debt Service Fund Budgetary Comparison Schedule	93
STATI	STICAL SECTION (UNAUDITED)	
J.	Financial Trends:	
	J-1 Net Assets by Component	95
	J-2 Changes in Net Assets	96-97
	J-3 Fund Balances – Governmental Funds	98
	J-4 Changes in Fund Balances – Governmental Funds	99-100
	J-5 General Fund – Other Local Revenue by Source	101
	Revenue Capacity	
	J-6 Assessed Value and Estimated Actual Value of Taxable Property	102
	J-7 Direct and Overlapping Property Tax Rates	103
	J-8 Principal Property Taxpayers	104
	J-9 Property Tax Levies and Collections	105
	Debt Capacity	106
	J-10 Ratios of Outstanding Debt by Type	106
	J-11 Ratios of Net General Bonded Debt Outstanding	107
	J-12 Direct and Overlapping Governmental Activities Debt as of December 31, 2011	108
	J-13 Legal Debt Margin Information	
	Demographic and Economic Information	109
	J-14 Demographic and Economic Statistics	110
	J-15 Principal Employers	111

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES SCHOOL DISTRICT

TABLE OF CONTENTS COTINUED

STATISTICAL SECTION (UNAUDITED) (Continued)	Page
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	112
J-17 Operating Statistics	113
J-18 School Building Information	114
J-19 Schedule of Required Maintenance for School Facilities	115
J-20 Insurance Schedule	116
SINGLE AUDIT SECTION	
K-1 Report on Internal Control over Financial	
Reporting and on Compliance and Other Matters Based on an	
Audit of Financial Statements Performed in Accordance with	
"Government Auditing Standards"	118-119
K-2 Report on Compliance with Requirements That Could Have	
A Direct and Material Effect on Each Major Program and Internal	
Control over Compliance in Accordance with OMB Circular A-133	
and New Jersey OMB Circular Letter 04-04	120-121
K-3 Schedule of Expenditures of Federal Awards, Schedule A	122
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	123
K-5 Notes to Schedules of Expenditures of Awards and Financial	
Assistance	124-125
K-6 Schedules of Findings and Questioned Costs	
Part 1 Summary of Auditor's Results	126-127
Part 2 Schedule of Financial Statement Findings	128
Part 3 Schedule of Federal Awards and State Financial Assistance	
Findings and Questioned Costs	129
K-7 Summary Schedule of Prior-Year Audit Findings and Questioned	
Costs as Prepared by Management	130



Mountain Lakes Board of Education 400 Boulevard Mountain Lakes, NJ 07046 973-334-8280

August 31, 2012

Honorable President and Members of the Board of Education Mountain Lakes School District Morris County, New Jersey

Dear Board Members:

The comprehensive annual financial report (CAFR) of the Mountain Lakes School District (District) for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the revised Single Audit Act Amendments of 1996 and U. S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulations, findings and recommendations, are included in the single audit section of this section.

1. REPORTING ENTITY SERVICES: The Mountain Lakes School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB No. 14. All funds and account groups of the District are included in this report. The Mountain Lakes Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular programs, as well as the Lake Drive School for Deaf and Hard of Hearing Children. Lake Drive provides comprehensive educational services to deaf and hard of hearing children ranging in age from infants through high school. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

Fiscal	Student	Percent
<u>Year</u>	<u>Enrollment*</u>	<u>Change</u>
2005-2006	1627	99%
2006-2007	1591	-2.2%
2007-2008	1603	+.75%
2008-2009	1635	+.02%
2009-2010	1642	+1%
2010-2011	1626	-1.01%
2011-2012	1619	004%

^{*}Includes non-resident students, Boonton Township students and students at the Lake Drive School for Deaf and Hard of Hearing Children.

- 2. ECONOMIC CONDITION AND OUTLOOK: The Mountain Lakes Public Schools 2012-2013 budget contains all the necessary elements to provide our students with a quality education. The district continues to provide a great diversity of courses at all levels. Consequently, we continue to offer a large number of courses, particularly at the high school level. Every effort, however, has been made to hold staff levels as well as general budget expenditures. The Board of Education recognizes the difficult position of our state and local economy and is making every effort to act responsibly. Despite the pressure on schools to reduce services, our budget supports our educational programs at the same levels as the prior year. There are no courses cut from the curriculum, class sizes remain relatively consistent. While we have reduced staff, the changes were not abrupt or disruptive. For the period of July 1, 2011 through June 30, 2013 the tax levy years.
- Administration to develop a 2012-2013 Budget that reflects strong spending discipline as well as significant new sources of savings. The budget maintains our excellent educational program, while also addressing critical building repair needs. We have proposed over \$700,000 for capital outlay projects the Wildwood School and electrical and mechanical improvements at the high school as well as bleacher repairs in the gym. Thanks to tight spending control, creativity, newly identified savings, and non-tax-related revenues, we will achieve all of this within a budget requiring no tax increase over the 2011-2012
- 4. <u>INTERNAL ACCOUNTING CONTROLS:</u> Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial

assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. <u>BUDGETARY CONTROLS:</u> In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2012.

- 6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.
- 7. <u>DEBT ADMINISTRATION:</u> At June 30, 2012 the District's outstanding debt total was \$13,025,000. In September 2003, the residents of the borough authorized an additional \$10,920,000 in debt. This authorization plus a state subsidy of approximately 4.7 million will be used to finance renovations and improvement totaling over 15.6 million. As of June 30, 2012, the remaining balance on this issue was \$7,420,000. At June 30, 2012 the remaining principal balance on the refunding bond issue was \$5,605,000.
- 8. <u>CASH MANAGEMENT:</u> The investment policy of the District is guided in large parts by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 9. <u>RISK MANAGEMENT:</u> The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of T. M. Vrabel & Associates, LLC was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the revised Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Mountain Lakes School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

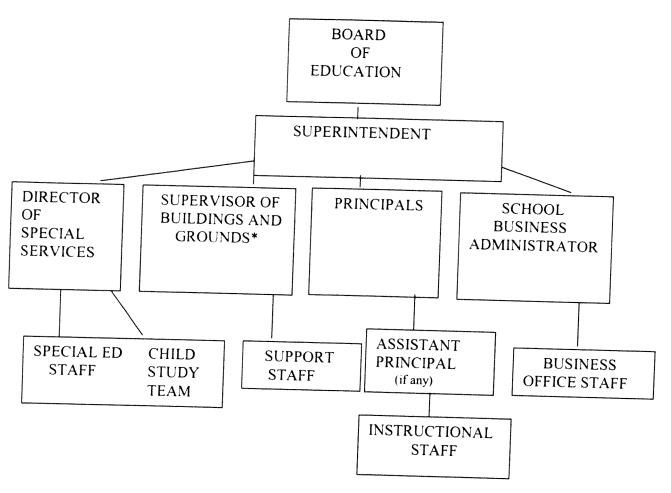
and mucci, Ed D

Anne Mucci, Ed.D. Superintendent

Daniel 🖟 Borgo

Business Administrator/Board Secretary

MOUNTAIN LAKES BOARD OF EDUCATION ORGANIZATIONAL CHART (Unit Control)



Adopted: February 13, 2006 Revised: January 19, 2010

*Position shared with Borough of Mountain Lakes

MOUNTAIN LAKES BOARD OF EDUCATION

ROSTER OF OFFICIALS June 30, 2012

Members of the Board of Education	Term Expires
Joanne Barkauskas	2013
Diane Burch, President	2014
Allison Fenton	2014
David Gniewek	2014
Elena Goldthwaite	2015
Mark Laurenzi	2015
Catherine Mitchell	2015
Michael Moreau	2013
Rosemary Wall, Vice President	2013
Adrienne Charlton, Boonton Township Rep.	2013

Other Officials

Anne Mucci, Superintendent

Daniel A. Borgo, Business Administrator/Board Secretary

Ken Huelbig, Treasurer

Vito Gagliardi, Jr., Solicitor

Date Issued: August 31, 2012

MOUNTAIN LAKES BOARD OF EDUCATION

Consultants and Advisors

Architects

Parette Somjen Architects, LLC 439 Route 46 East Rockaway, NJ 07866

Audit Firm

T.M. Vrabel & Associates, LLC 170 East Main Street Denville, NJ 07834

Attorney

Porzio, Bromberg & Newman, P.C. 100 Southgate Parkway Morristown, NJ 07962

Official Depository

Bank of America 100 Powerville Road Boonton Township, NJ 07005 **Financial Section**

THIS PAGE INTENTIONALLY LEFT BLANK

Independent Auditor's Report



T. M. Vrabel & Associates, LLC Accountants and Auditors



Timothy M. Vrabel, RMA, PSA Chris C. Hwang, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members of the Board of Education Borough of Mountain Lakes School District County of Morris, New Jersey

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Mountain Lakes School District of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Mountain Lakes School District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Mountain Lakes School District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with <u>Government Auditing Standards</u>, we have also issued our report dated August 31, 2012 on our consideration of the Borough of Mountain Lakes School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with <u>Government Auditing Standards</u> and should be considered in assessing the results of our audit.

170 East Main Street
P.O. Box 541
Denville, NJ 07834
973-625-2920 Fax: 973-625-8733
Email: tmvrabeldvc@optonline.net

The Management's Discussion and Analysis on page 14 through 20 and budgetary comparison information on schedules C-1 and C-2 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Mountain Lakes School District's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Timothy M. Vrabel Public School Accountant License No. CS000698

Simily M. Wabel

Chris C. W. Hwang Certified Public Accountant License No. CC033704

August 31, 2012

REQUIRED SUPPLEMENTARY INFORMATION - PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Mountain Lakes School District financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 23.

FINANCIAL HIGHLIGHTS

- The district's net assets increased \$938,000 as a result of this year's operations. Net assets of the district's business-type activities increased \$15,000 and net assets of governmental activities increased by \$923,000, or 6.3 percent.
- Total cost of all of the District's operating programs was \$37.3 million in 2011-2012 as compared to \$37.4 million in 2010-2011.
- During the 2011-2012 school year, the District had tax and other program revenues that were more than expenses for governmental activities by \$562,000.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 23 and 24) provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements start on page 27. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 16. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's capital assets to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities: most of the District's basic services are reported here, including general administration. Local taxes, tuition (from Boonton Township and the Lake Drive sending districts) and state and federal aid finance most of these activities.
- Business-type-activities: the operation of the District's Food Service operation is its only proprietary fund, and is shown on pages 32 and 33.

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds begins on page 18. The fund financial statements begin on page 27 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation on page 29.

Proprietary funds: when the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for the Unemployment Compensation Trust, Scholarship Funds and Agency Funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 35 and 36. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental and business-type activities as of June 30.

Table 1 Net Assets (in Thousands)

		Govern Activ			, 3	Busine <u>Acti</u> 2012	vites	-	<u>F</u>	Tota Primary Gov 2012	-	ment 2011
Current and other assets Long term receivables Capital assets Total assets Long-term debt outstanding	\$	4,939 129 24,380 29,448 13,491	\$	4,280 290 24,515 29,085 13,977	\$ 	136 14 150	\$	109 16 125	\$	5,075 129 24,394 29,598 13,491		4,389 290 24,531 29,210 13,977
Other liabilities Total liabilities	***************************************	335 13,826		409 14,386	***************************************	41		31		376 13,867	MATERIAL PROPERTY.	440
Net assets: Invested in capital assets, net of debt Restricted Unrestricted (deficit)	-	11,400 3,984 238	***************************************	11,030 3,016 653		14 95		16 78	***************************************	11,414 3,984 333		11,046 3,016 731
Total net assets	\$	15,622	\$	14,699	\$	109	\$	94	\$	15,731	\$	14,793

Net assets of the District's governmental activities increased by 6.3 percent. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased \$415,000. Restricted net assets, those restricted mainly for capital projects increased by \$968,000. Both net asset categories benefited from increased economic activity, which resulted in actual revenues exceeding budgeted revenues except for interest on investments. The investment in capital assets, net of depreciation increased by \$370,000.

Table 2 Changes in Net Assets (in thousands)

	Governmental <u>Activities</u> 2012 2011			Business-type Activites 2012 2011		otal overnment 2011
Revenues						
Program revenues:						
Charges for Services	1,069	1,009	584	479	1.653	
Operating Grants and Contributions	4,112	3,629	22	479	1,653	1,488
General revenues:	·	0,029		9	4,134	3,638
Property Taxes	18,982	18,938			10.003	
Tuition	13,444	14,420			18,982	18,938
Federal and State Aid	45	17			13,444	14,420
Interest and Investment Earnings	1	• ,			45	17
N.J.S.D.A. Grants		290			1	•
Refunding Bonds Proceeds	(180)				(100)	290
Other General Revenues	125	120	33	37	(180)	
Total Revenues:	37,598	38,423	639		158	157
		30,123		525	38,237	38,948
Program expenses including indirect expenses						
Instruction:				*		
Regular	11.021					
Special	11,931	11,969			11,931	11,969
Other instruciton	8,498	8,740			8,498	8,740
Support services:	1,260	1,185			1,260	1,185
Tuition	030	0.00				
Student and instruction related services	928	858			928	858
School administrative services	5,590	5,489			5,590	5,489
General and business administrative services	2,044	2,152			2,044	2,152
Plant operations and maintenance	939	1,034			939	1,034
Pupil transportation	3,650	3,705			3,650	3,705
Special schools	510	508			510	508
Interest on long-term debt	810	680			810	680
Business-type activities:	515	574			515	574
Food Services						
		-	624	507	624	507
Total Expenses	36,675	36,894	624	507	37,299	37,401
					,/	37,701
Increase (Decrease) in Net Assets	923	1,529	15	18	030	1.545
				10	938	1,547

THE DISTRICT'S FUNDS **Governmental Activities**

Table 3

Information below compares revenues and expenditures for all governmental fund types for 2011-2012 and 2010-2011.

(\$000 omitted) Revenues by Source:	<u>2011-2012</u>	<u>2010-2011</u>	% Change
Local Tax Levy Tuition Charges Interest Earned to Investments Miscellaneous Total - Local Sources State Sources Federal Sources Total Revenues	19,391 14,105 1 458 33,955 3,579 313 37,847	19,406 14,962 382 34,750 3,017 404 38,171	-0.08% -5.73% 100.00% 19.90% -2.29% 18.63% -22.52% -0.85%
(\$000 omitted) Expenditures by Function: Current:	<u>2011-2012</u>	<u>2010-2011</u>	% Change
Regular Instruction	8,643	8,707	-0.74%
Special education Other instruction	6,235	6,461	-3.50%
Support Services and undistributed costs:	956	902	5.99%
Tuition	020		
Student and instruction related services	928 4,276	858	8.16%
School administrative services	1,508	4,261	0.35%
General and Business administrative services	749	1,578 815	-4.44%
Plant operations and maintenance	3,033	3,088	-8.10%
Pupil transportation	486	503	-1.78%
Employee Benefits	7,693	7,577	-3.38% 1.53%
Capital Outlay	873	47	1757.45%
Specials Schools Debt Service:	662	544	21.69%
Principal			21.0570
Interest on long-term debt	685	675	1.48%
Total Expenditures	558	583	-4.29%
Total Expenditures	37,285	36,599	1.87%

Due to changes in surplus regulations, the board of education does not have large amounts of cash on hand thus decreasing our ability to invest monies for investment income.

Business-type Activities

The District's only Enterprise Fund is its Food Service operation. The basic financial statements for the major funds are included in this report. Because the focus on business-type funds is a cost of service measurement, we have included these funds in Table 4, which demonstrates return on ending assets and return on ending net assets.

Table 4

(\$000 omitted)

	Food <u>Service</u>
Total Assets Net Assets Change in Net Assets	151 109 15
Return on Ending Total Assets	9.93%
Return on Ending Net Assets	13.76%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets Table 5

Capital Assets at Year-end (Net of Depreciation, in thousands)

	Governmental Activities		Busines	• •	_		
	-		<u>Activ</u>	ites	<u>Totals</u>		
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
Land	300	300			300	300	
Land Improvements	584	584			584	584	
Buildings	31,445	30,755			31,445	30,755	
Machinery and Equipment	3,664	3,489	26	26	3,690	3,515	
Construction-in-progress	*	27	-		-	27	
Subtotal	35,993	35,155	26	26	36.019	35,181	
Accumulated Depreciation	(11,613)	(10,641)	(12)	(10)	(11,625)	(10,651)	
Totals	24,380	24,514	14	16	24,394	24,530	

The District's 2012-2013 capital budget anticipates a spending level of \$741,548 for capital projects to be funded by the districts operating budget for various equipment and renovations. More detailed information about the District capital assets is presented in Note III:C. to the basic financial statements.

DEBT

At year—end the District had total debt of \$12,980,000 (2003 issue \$800,000 plus 2005 Refunding issue \$4,580,000 plus 2012 Refunding issue 7,600,000) outstanding versus \$13,485,000 last year – a decrease of 3.7% percent – as shown in Table 6.

Outstanding Debt, at year -end (in thousands) Table 6

		Governmental Activities 2012 2011	
Serial Bonds			
Loans	12,980	13,485	
Lease Purchase Agreement	•	-	
Temporary Notes	-	-	
Authorized but not Issued	-	-	
	· ·	-	
	12,980	13,485	

An analysis of District Debt is presented in Note III:D. to the basic financial statements.

BUDGETS

The variances between the originally adopted budget for the year 2011-2012, and the final budget were caused by the treatment of encumbrances that are added to the original budget and the appropriation of additional tuition revenue and additional Fund Balance. In addition, the State pension payments, which are paid by the State on behalf of employees are not budgeted, however they are counted as an expense in the audit.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator, Daniel A. Borgo, Mountain Lakes School District, 400 Boulevard, Mountain Lakes, New Jersey.

BASIC FINANCIAL STATEMENTS

Section A DISTRICT – WIDE FINANCIAL STATEMENTS

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES Statement of Net Assets June 30, 2012

	G	overnmental <u>Activities</u>	В	usiness-type Activities	Total
ASSETS					
Cash and cash equivalents	\$	2,546,989.45	\$	105,446.31	\$ 2,652,435.76
Receivables, net		1,148,796.79		1,599.04	1,150,395.83
Interfund receivable				20,718.05	20,718.05
Inventory				8,660.03	8,660.03
Restricted assets:					
Cash and cash equivalents		307,770.76			307,770.76
Capital reserve account - cash		1,064,030.24			1,064,030.24
Capital assets, net (Note III:C.):		24,380,191.20		14,273.72	24,394,464.92
Total Assets		29,447,778.44		150,697.15	 29,598,475.59
	-				
LIABILITIES					
Accounts payable		608.00		36,773.65	37,381.65
Interfund payable		20,718.05		55,775.55	20,718.05
Payable to state government		2,509.57			2.509.57
Bond interest payable		155,545.96			155,545.96
Deferred revenue		103,840.02		4.676.03	108,516.05
Other		51,641.95		,	51,641.95
Noncurrent liabilities (Note IV:B.):					-
Due within one year		825,000.00			825,000.00
Due beyond one year		12,665,839.08			12,665,839.08
Total liabilities		13,825,702.63		41,449.68	 13,867,152.31
			***************************************		 70,007,102.01
NET ASSETS					
Invested in capital assets, net of related debt		11,400,191.20		14,273,72	11,414,464.92
Restricted for:		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		14,210.72	11,414,404.92
Capital projects		1,370,323.18			1,370,323.18
Debt service		(155,544.77)			(155,544.77)
Permanent endowment - nonexpendable		1,477.82			1,477.82
Other purposes		2,767,955.49			2,767,955.49
Unrestricted		237,672.89		94,973.75	332,646.64
				,0.,0.,0	 332,040.04
Total Net Assets	\$ 1	5,622,075.81	\$ 1	09,247.47	\$ 15,731,323.28

The accompanying Notes to Financial Statements are an integral part of this statement.

BOARD OF EDUCATION
BOROUGH OF MOUNTAIN LAKES
Statement of Activities
For the Year Ended June 30, 2012

			Program Revenues		X.	Net (Expense) Revenue and Changes in Net Assets	ue and
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities: Instruction:							
Regular Special education Other instruction Support services:	\$ 12,105,465.39 8,633,501.23 1,276,790.58	· •	\$ 1,445,061.78 1,548,820.33 99,336.74	, **	\$ (10,660,403.61) (7,084,680.90) (1,177,453.84)	5	\$ (10,660,403.61) (7,084,680.90) (1,177,453.84)
Tution Student and instruction related services School administrative services School administrative services General and business administrative services Plant operations and maintenance Pupil transportation Special schools Interest on long-term debt	927,878,48 5,674,755.77 2,076,541.37 948,756.33 3,680,914.95 511,346.66 819,710.12 515,467.16	660,902.00 408.361.16	233,801.27 674,514.94 191,967.15 58,772.62 179,114.85 12,382.23 56,720.57		(694,077.21) (5,000,240.83) (1,884,574.22) (889,983.71) (3,501,800.10) (498,964.43) (102,087.55)		(5,000,240,83) (1,884,574,22) (889,983.71) (3,501,800.10) (498,964.43) (102,087.55)
Total governmental activities	37,171,128.04	1,069,263.16	4,607,598.48		(31,494,266.40)	. ((31,494,266.40)
Business-type activities: Food Service Total business-type activities Total primary government	624, 195.68 624, 195.68 37, 795, 323.72	584,493.17 584,493.17 \$ 1,653,756.33	21,619.93 21,619.93 \$ 4,629,218.41		(31,494,266.40)	(18,082.58) (18,082.58) (18,082.58)	(18,082.58) (18,082.58) \$ (31,512,348.98)
	General revenues: Taxes: Property taxes, levied for general purposes Property taxes, levied for debt service principal Federal and State aid not restricted Tuition (other than special schools) Investment Earnings Miscellaneous Income Debt Service Assessment Proceeds of long-term debt (Refunding Bonds) Transfers Total general revenues, special items, extraordinary items and transfers Change in Net Assets Net Assets	eneral revenues: Taxes: Property taxes, levied for general purposes Property taxes, levied for debt service principal Federal and State aid not restricted Tuition (other than special schools) Investment Earnings Miscellaneous Income Debt Service Assessment Proceeds of long-term debt (Refunding Bonds) Transfers atal general revenues, special items, extraordinar hange in Net Assets	ses rincipal onds) ordinary items and tra	insfers	\$ 18.254,489.00 727,775.84 45,493.00 13,443,912.25 786.40 192,917.21 (35,192.00) (180,000.00) (180,000.00) 22,417,324,42	\$	\$ 18,254,489.00 727,775.84 45,493.00 13,443,912.25 786.40 192,917.21 (35,192.00) (180,000.00)
	Amarko esperante				14,699,017.79	94,472.77	14,793,490.56

The accompanying Notes to Financial Statements are an integral part of this statement.

Net Assets—ending

15,731,323.28

\$ 109,247.47

15,622,075.81

Section B FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES Balance Sheet Governmental Funds June 30, 2012

	General <u>Fund</u>	Special Revenue <u>Fund</u>		Capital Projects <u>Fund</u>		Debt Service Fund	i	Permanent <u>Fund</u>		Total Governmental <u>Funds</u>
ASSET S										
Cash and cash equivalents	\$ 2,680,629.75	5 \$ (3,484.5	4) \$	176,881,98	\$	1.19	\$	(745.99)	\$	2 952 200 20
Receivables from other governments	219,128.4	34,605.4	5	129,410.96		1.10	•	(145.55)	•	2,853,282.39
Tuition receivable	719,003.15	5		,						383,144.82
Other receivables	46,045.14	603.6	8							719,003.15 46,648.82
Restricted cash and cash equivalents	1,064,030.24			*		-	-	1,477.82		1,065,508.06
Total Assets	\$ 4,728,836,69	\$ 31,724.59	<u>9</u> <u>\$</u>	306,292.94	<u>\$</u>	1.19	\$	731.83	<u>\$</u>	5,067,587.24
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 608.00	s -	\$				_			
Interfunds payable	20,718.05		•	-	\$	•	\$	-	\$	608.00
Payable to state government		2,509,57	,							20,718.05
Deferred revenue	74,625.00	29,215.02								2,509.57
Other	51,641.95	23,213.02	•							103,840.02
Total Liabilities	147,593.00	31,724.59	•						~	51,641.95
	141,000.00	31,724.59								179,317.59
Fund Balances:										
Nonspendable:										
Permanent fund principal										
Restricted for:	•							1,477.82		1,477.82
Reserved Excess Surplus - Designate	ed for									
Subsequent Year's Expenditures	1,064,153.70									
Reserve for Excess Surplus	843,810.92									1,064,153.70
Capital Reserve Account	1,064,030.24									843,810.92
Capital Projects	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			206 202 04						1,064,030.24
Debt Service				306,292.94						306,292.94
Other Purposes						1.19				1.19
Assigned to:								(745.99)		(745.99)
Other Purposes	860,736,56									
Designated for Subsequent Year's	22011.00.00									860,736.56
Expenditures	0.30									
Unassigned	748,511.97									0.30
Total Fund Balances	4,581,243.69		-			-				748,511.97
	4,367,243.09			306,292.94		1.19		731.83		4,888,269.65
Total Liabilities and Fund Balances	\$ 4,728,836.69	\$ 31,724.59	\$	306,292.94	\$	1.19	<u>\$</u>	731.83		
	Amounts reported for net assets (A-1) are of		rities in th	he statement of						
	Adjustment to Deb accrual of interest	t Service Fund net a expense.	assets fo	or the						(155,545.96)
	Capital assets used	in novemmental ac	tivitiae a	re not financial						(100,040.00)
	resources and there	fore are not renorted	d in the f	funde The seet						
	of the assets is \$35,	992 994 69 and the	accumus	lated depresentation	_					
	is \$11,612,803.49.	TO LINE	accumu	rated depreciation	n				24	,380,191.20
	Long-term liabilities	including bands	umbl-							
	Long-term liabilities,	t neriod and the	yabie, ar	re not due and						
	payable in the currer liabilities in the funds	A period and inerefo	ore are n	ot reported as						
	abings in the MUGS	(See NOTE IV.R.)							(13,	490,839.08)
	Net assets of governm	ental activities						<u>\$</u>	15,	622,075.81

The accompanying Notes to Financial Statements are an integral part of this statement.

BOARD OF EDUCATION

BOROUGH OF MOUNTAIN LAKES

Statement of Revenues, Expenditures, And Changes in Fund Balances Governmental Funds

For the Year Ended June 30, 2012

		General <u>Fund</u>	Special Revenue <u>Fund</u>		Capital Projects <u>Fund</u>		Debt Service <u>Fund</u>	P	ermanent <u>Fund</u>		Total Governmental <u>Funds</u>
REVENUES											
Local sources:											
Local tax levy	\$	18,254,489.00	\$ -	\$		\$	1,136,137.00	\$		\$	19,390,626.00
Tuition charges		14,104,814.25									14,104,814.25
Interest earned on investments		550.23							0.36		550.59
Interest earned on Capital Reserve Funds		235.81									235.81
Miscellaneous		192,917.21	265,416.61								458,333.82
Total - Local Sources		32,553,006.50	265,416.61				1,136,137.00		0.36		33,954,560.47
State sources		3,718,157.48	249,220.62				107,106.00				4,074,484.10
Federal sources		32,506.00	280,684.77				_				313,190.77
Total Revenues		36,303,669.98	795,322.00				1,243,243.00		0.36		38,342,235.34
EXPENDITURES											
Current:											
Regular instruction		8,231,580.25	411,815.60								8,643,395.85
Special education instruction		6,023,051.51	211,543.14								6,234,594.65
Other instruction		955,871.79							100.00		955,971.79
Support services and undistributed costs:											
Tuition		927,878.48									927,878.48
Student and instruction related services		4,104.616.15	171,963.26								4,276,579.41
School administrative services		1,507,724.79									1,507,724.79
General and business administrative services		748,881.68									748,881.68
Plant operations and maintenance		3,032,672.89									3,032,672.89
Pupil transportation		486,501.95									486,501.95
Unallocated benefits		8,188,910.53									8,188,910.53
Special schools		661,904.74									661,904.74
Capital outlay		422,882.05			449,957.33						872,839.38
Debt service:											
Principal							685,000.00				685,000.00
Interest and other charges		*	-		-		558,242.51				558,242.51
Total Expenditures		35,292,476.81	795,322.00		449,957.33		1,243,242.51		100.00		37,781,098.65
Excess (Deficiency) of revenues											
over expenditures		1,011,193.17	-	_	(449,957.33)		0.49		(99.64)		561,136.69
OTHER FINANCING SOURCES AND (USES)											
Transfers (out)		(32,857.28)								-	(32,857.28)
Total Other Financing Sources and (Uses)		(32,857.28)	-			_	-		-		(32,857.28)
Net change in fund balances		978,335.89	<u>-</u>		(449,957.33)		0.49		(99.64)		528,279.41
Fund Balance—July 1		3,602,907.80	-		756,250.27	_	0.70		831.47		4,359,990.24
Fund Balance—June 30	<u>\$</u>	4,581,243.69	<u>s - </u>	\$	306,292.94	\$	1.19	<u>\$</u>	731.83	\$	4,888,269.65

The accompanying Notes to Financial Statements are an integral part of this statement.

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

to the Statement of Activities
For the Year Ended June 30, 2012

Total net change in fund balances - governmental funds (from B-2)	\$	528,279.41
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
In the statement of activities, interest on long-term debt in the statement of activities is accrue regardless of when due. In the governmental funds, interest is reported when due. The difficulty in accrued interest is an addition in the reconciliation. (+)	ed. ifference \$ 558.242.51	
Interest accrued	(515,467.16)	
		42,775.35
Capital outlays are reported in governmental funds as expenditures. However, in the stateme activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount by which capital outlays exceeded depreciation in the period.	nt of on expense.	
Depreciation expense Capital outlays (exclu	(,)	
lease principal paym	•	
		(99,204.97)
Adjustment to Capital Assets in accordance with physical appraisal		•
A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets.		(35,192.00)
In the statement of activities, only the gain on the disposal of capital assets is reported, wherein the governmental funds, the proceeds from a sale increase financial resources. Thus, the net assets will differ from the change in fund balance by the cost of the asset removed. (-)	as e change in	-
In the statement of activities, certain operating expenses, e.g., compensated absences (vacati unused sick pay) are measured by the amounts earned during the year. In the governmental however, expenditures for these items are reported in the amount of financial resources used. When the earned amount exceeds the paid amount, the difference is reduction in the reconci when the paid amount exceeds the earned amount the difference is an addition in the reconciling the paid amount exceeds the earned amount the difference is an addition in the reconciling the paid amount exceeds the earned amount the difference is an addition in the reconciling the paid amount exceeds the earned amount the difference is an addition in the reconciling the paid amount exceeds the earned amount the difference is an addition in the reconciling the paid amount exceeds the earned amount the difference is an addition in the reconciling the paid amount exceeds the earned amount the difference is an addition in the reconciling the paid amount exceeds the earned amount the difference is an addition in the reconciling the paid amount exceeds the earned amount the difference is an addition in the reconciling the paid amount exceeds the earned amount the difference is an addition in the reconciling the paid amount exceeds the earned amount the difference is an addition in the reconciling the paid amount exceeds the earned amount exceeds the earned amount exceeds the earned exceeds the exceeds the earned exceeds the exc	l funds, d (paid). iliation (-):	(18,599.77)
Payment of long-term liability principal is an expenditure in the governmental funds, but the replanded liabilities in the statement of net assets and is not reported in the statement of activities.	payment reduces	
Debt principal Capital lease principal		685,000.00
Proceeds from debt issues are a financing source in the governmental funds. They are not reverse the statement of activities; issuing debt increases long-term liabilities in the statement of net and Proceeds of long-term Capital lease proceeds	assets. debt (Refunding Bonds)	(180,000.00)
Revenues in the statement of activities which do not provide current financial resources are no reported as revenues in the funds. (+)	at .	
Change in net assets of governmental activities	<u>\$</u>	923,058.02

The accompanying Notes to Financial Statements are an Integral part of this statement.

PROPRIETARY FUNDS

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES Statement of Net Assets Proprietary Funds June 30, 2012

		pe Activities - ise Funds
	Food	
ASSETS	Service	<u>Totals</u>
Current Assets:		
Cash and cash equivalents	\$ 105,446.31	\$ 105,446.31
Accounts receivable	1,599.04	1,599.04
Interfunds receivable	20,718.05	20,718.05
Inventories	8,660.03	8,660.03
Total Current Assets	136,423.43	136,423.43
Noncurrent assets:		
Furniture, machinery and equipment	26,227.38	26,227.38
Less accumulated depreciation	(11,953.66)	(11,953.66)
Total Noncurrent Assets	14,273.72	14,273.72
Total Assets	150,697.15	150,697.15
LIABILITIES		
Current Liabilities:		
Accounts payable	36,773.65	36,773.65
Deferred revenue	4,676.03	4,676.03
Total Current Liabilities	41,449.68	41,449.68
NET ASSETS		
Invested in capital assets, net of		
related debt	14,273.72	14,273.72
Unrestricted	94,973.75	94,973.75
Total Net Assets	\$ 109,247.47	\$ 109,247.47

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds

For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds							
	Food	_						
Operating Revenues:	Service	<u>Totals</u>						
Charges for services:								
Daily sales - reimbursable programs	\$ 13,726.30	\$ 13.726.30						
Daily sales - non-reimbursable programs	527,550.05	527,550.05						
Special functions	43,216.82	43,216.82						
Total Operating Revenues	584,493.17	584,493.17						
Operating Expenses:								
Cost of sales	269.250.13	260 260 42						
Salaries	181,373.65	269,250.13 181,373.65						
Employee benefits	58,077.73	58.077.73						
Management Fee	21,564.48	21,564.48						
General supplies	91,744.08	91,744.08						
Depreciation	2,185.61	2,185.61						
Total Operating Expenses	624,195.68	624,195.68						
Operating Income (Loss)	(39,702.51)	(39,702.51)						
Nonoperating Revenues (Expenses):								
State sources:								
State school breakfast program	430.39	430.39						
Federal sources:		,00.00						
National school breakfast program Interest and investment revenue	21,189.54	21,189.54						
Total Nonoperating Revenues (Expenses)	21,619.93	21,619.93						
Income (loss) before contributions and transfers	(18,082.58)	(18,082.58)						
Transfers in (out)	32,857.28	32,857.28						
Change in net assets	14,774.70	14,774,70						
Total Net Assets—Beginning	94,472.77	94,472.77						
Total Net Assets—Ending	\$ 109,247.47	109,247.47						

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES Statement of Cash Flows Proprietary Funds

For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds			
	Food			
	Service Totals			
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 579,365.47 \$ 579,365.47			
Payments to employees	(181,373.65) (181,373.65			
Payments for employees benefits	(58,077.73) (58,077.73			
Payments to suppliers	(361,185.84) (361,185.84			
Net cash provided by (used for) operating activities	(21,271.75) (21,271.75			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	430.39 430.39			
Federal Sources	21,189.54 21,189.54			
Operating subsidies and transfers to other funds	32,857.28 32,857.28			
Net cash provided by (used for) non-capital financing activities	54,477.21 54,477.21			
Net increase (decrease) in cash and cash equivalents	33,205.46 33,205.46			
Balances—beginning of year	72,240.85 72,240.85			
Balances—end of year	\$ 105,446.31 \$ 105,446.31			
Reconciliation of operating income (loss) to net cash provided by				
(used for) operating activities:				
Operating income (loss)	\$ (39,702.51) \$ (39,702.51)			
Adjustments to reconcile operating income (loss) to net cash	\$ (39,702.51) \$ (39,702.51)			
provided by (used for) operating activities:				
	0.405.04			
Depreciation and net amortization	2,185.61 2,185.61			
(Increase) decrease in accounts receivable, net	6,145.32 6,145.32			
(Increase) decrease in inventories	(807.86) (807.86)			
Increase (decrease) in accounts payable Increase (decrease) in deferred revenue	22,180.71 22,180.71			
	(11,273.02) (11,273.02)			
Total adjustments	<u> 18,430.76</u>			
Net cash provided by (used for) operating activities	<u>\$ (21,271.75)</u> <u>\$ (21,271.75)</u>			

FIDUCIARY FUNDS

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2012

		employment empensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	Agency <u>Fund</u>
ASSETS				
Cash and cash equivalents Interfunds receivable	\$	148,807.79	\$ 30,132.61 -	\$ 624,875.46 1.79
Total Assets	\$	148,807.79	\$ 30,132.61	\$ 624,875.46
LIABILITIES				
Payable to student groups				\$ 329,830.12
Payroll deductions and withholdings IRS Section 125 Plan				158,052.87
Summer Savings Plan				18,155.68
Total Liabilities				118,836.79
rota: Liapliffies				\$ 624,875.46
NET ASSETS				
Held in trust for unemployment				
claims and other purposes	\$	148,807.79		
Reserved for scholarships	***************************************		\$ 30,132.61	

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES Statement of Changes in Fiduciary Net Assets Fiduciary Funds For the Year Ended June 30, 2012

ADDITIONS Contributions:		employment ompensation <u>Trust</u>	F	Private Purpose holarship <u>Fund</u>
Plan member	\$	51,175.06	œ	
Board Contribution Other	φ	30,000.00	\$	-
Total Contributions		-		1,100.00
Investment earnings: Interest	***************************************	81,175.06		1,100.00
Net investment earnings				16.87
Total Additions		81,175.06		16.87 1,116.87
DEDUCTIONS				
Unemployment claims Scholarships awarded		94,356.76		
Total Deductions				5,300.00
Change in Net Assets		94,356.76		5,300.00
Net Assets—beginning		(13,181.70) 161,989.49		4,183.13) 4,315.74
Net Assets—ending		48,807.79 \$		0,132.61

NOTES TO BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Borough of Mountain Lakes School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District is required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. This Statement established new financial reporting requirements for state and local governments throughout the United States. It required new information and restructuring much of the information that governments had presented in the past. The District began implementing these standards for the fiscal year ending June 30, 2003.

Other GASB Statements were also required to be implemented in conjunction with GASB Statements No. 34. Therefore, the District implemented for the fiscal year ending June 30, 2003, Statement No. 37 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, and Statement No. 38 – Certain Financial Statement Note Disclosures.

B. Reporting Entity

The Borough of Mountain Lakes School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary, one junior and one senior high school as well as a school for the hearing impaired located in Mountain Lakes, New Jersey. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements- Government-Wide Statements

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements-Fund Financial Statements (Continued)

The following fund types are used by the District:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

<u>General Fund</u> – The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution and, excluding equipment, with County Superintendent approval.

<u>Special Revenue Fund</u> – The Special Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

<u>Capital Projects Fund</u> – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

<u>Debt Service Fund</u> – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

<u>Permanent Fund</u> – A permanent fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note 1: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The generally accepted accounted principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:

Equipment 12 Years
Light Trucks and Vehicle 4 Years
Heavy Trucks and Vehicle 6 Years

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (Unemployment Compensation, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Appropriation of additional fund balance in the amount of \$143,949.00, additional revenues in the amount of \$878,706.00 and prior year encumbrances in the amount of \$329,653.73 were made during the year ended June 30, 2012. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

F. Budgets Budgetary Control (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Exhibit C-3.

G. Assets, Liabilities and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

2. Short - term Interfund Receivables/Payables

Short – term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity

3. Inventories

Inventories, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight – line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

GASB No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006.

5. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations. (See Note 1X)

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note 1: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

6. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note I(F) regarding the special revenue fund.

7. Long - term Obligations

Long – term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long – term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations.

8. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note II: Reconciliation of Government Wide and Fund Financial Statements

Adjustment to Debt Service Fund net assets for the

accrual of interest expense.

Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets

"Total fund balances" of the District's governmental funds in B-1 differs from "net assets" of governmental activities reported in the statement of net assets in A-1. This difference primarily results from the long - term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

	Balan	ce Sheet Statemen	t of N	et Assets				
Assets		Total Governmental <u>Funds</u>		Long - term Assets Liabilities (1)		Reclassifications and Eliminations		Statement of Net Assets <u>Totals</u>
Cash and cash equivalents Receivables, net	\$	2.853,282.39	\$	-	\$	(306,292.94	s) \$	2,546,989.4
Receivables from Other Governments						1,148,796.79)	1,148,796.7
Tuition Receivable		383,144.82				(383,144.82	()	-
Other Receivables		719,003.15				(719,003.15)	
Restricted assets:		46,648.82				(46,648.82)	-
Cash and cash equivalents		1 477 03						
Capital Reserve Account - cash		1,477.82 1,064,030,24				306,292.94		307,770.7
Capital Assets, net		1,004,030,24		34 300 101 30				1,064,030.2
	***************************************			24,380,191.20		-		24,380,191.2
Total Assets	<u>s</u>	5,067,587.24	<u>s</u>	24,380,191.20	<u>\$</u>	*	<u>\$</u>	29,447,778.4
Liabilities								
Accounts Payable	s	608.00			_			
Interfunds Payable	3	20,718.05	3	•	\$	-	\$	608.00
Payable to State Government		2,509.57						20,718.05
Bond Interest Payable		2,309.37						2,509.5
Deferred Revenue		103,840.02				155,545.96		155,545.96
Other		51,641.95						103,840.02
Noncurrent Liabilities		31,041.93		11 090 000 00		***		51,641.95
Total Liabilities	~~~	179,317.59		12,980,000.00		510,839.08 666,385.04		13,490,839.08 13,825,702.63
Net Assets Invested in capital assets, net of related debt				11,400,191.20				11 400 104 20
Restricted for:								11,400,191.20
Capital projects		1,370,323.18						1,370,323.18
Debt Service		1.19				(155,545.96)		(155,544.77)
Permanent endowment - nonexpendable		1,477.82				(1,477.82
Other purposes Unrestricted		2,767,955.49						2,767,955.49
Total Fund Balances/Net Assets	-	748,511.97		*		(510,839.08)		237,672.89
Total Liabilities and Fund	-	4,888,269.65		11,400,191.20		(666,385.04)		15,622,075.81
Balances/Net Assets	<u>\$</u>	5,067,587.24	S	24,380,191.20	s		ς.	29,447,778.44
. When Capital Assets (land, buildings, equipment) that onstructed, the cost of those assets are reported as expending the tassets includes those capital assets among the assets	ditures in vover	n governmental aco	tivities wever			Materials in the second se	-	27,947,7/8,44
		capital assets ulated depreciation		:	5	35,992,994.69		
				-		(11,612,803.49) 24,380,191.20		
ong - term liabilities applicable to the District's government and accordingly are not reported as fund liabilities. All liab met assets.	ental activities ar bilities - both cu	re not due and paya rrent and long - ter	ible in m are	the current period reported in the				
-	Serial B			S		12,980,000.00		
	Comper	isated Absences				510,839.08		
						12 100 920 00		

13,490,839.08

(155,545.96)

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note II: Reconciliation of Government Wide and Fund Financial Statements (Continued)

Explanation of Differences between Governmental Funds Operating Statement of Activities

The "ner change in fund balances" for governmental funds in B-2 differs from the "change in net assets" for governmental activities reported in the statement of activities in A-2. The difference arise primarily for the long - term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Statement of Revenues, Expenditures, and Changes in Fund Balance Statement of Activities

				ement of Activ			
	Total	Long - term	C	apital	Long - term		Statement of
	Governmental	Revenue,		Related	Debt	Reclassifications	Activities
Revenues and Other Sources	Funds	Expenses (2)	ite	ems (3)	Transactions (4)	and Eliminations (5)	Totals
Local Tax Levy	\$ 19,390,626.00	\$ -	\$	*	\$.	\$.	\$ 19,390,626.00 14,104,814.25
Tuition Charges	14,104,814.25 786.40						14,104,814.23 786.40
Interest Earned on Investments Miscelianeous	458,333.82						458,333.82
State Sources	4,074,484.10						4,074,484.10
Federal Sources	313,190.77				_		313,190.77
	\$ 38,342,235.34		•		•		
Total	3 38,342,233.34	<u> </u>	<u>s</u>		<u>s</u> -	<u>s</u> .	\$ 38,342,235,34
Expenditures							
Current:							
Regular instruction	\$ 8,643,395.85		\$	532,396.33	\$ 27,655.29	5 2,902.017.92	\$ 12,105,465.39
Special education	6,234,594.65	•	•	163,202.91	(6,843.31)		8,633,501.23
Other instruction	955,971.79			44,073.65	(4,4,5,5,1)	276,745.14	1,276,790.58
Support Services and undistributed costs:				,		2.00	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Tuition	927,878.48						927,878.48
Student and instruction related services	4,276,579.41					1,398,176.36	5,674,755.77
School administrative services	1,507,724.79			30,734.32		538,082.26	2,076,541.37
General and business administrative services	748,881.68			38,572.35	(2.212.21)	163,514.51	948,756.33
Plant operations and maintenance	3,032,672.89			149,916.89		498,325.17	3,680,914.95
Pupil transportation	486,501.95			13,147.90		11,696.81	511,346.66
Unallocated Benefits	8,188,910.53					(8,188,910.53)	
Special Schools	661,904,74					157,805.38	819,710.12
Capital Outlay	872,839,38		1	(872,839.38)			
Debt Service:							
Principal	685,000.00				(685,000.00)		*
Interest	558,242.51	(42,775.35)		-			515,467.16
Total	37,781,098.65	(42,775.35)		99,204.97	(666,400.23)		37,171,128.04
Other Financing Uses/Changes in Net Assets:							
Net transfers to(from) other funds	(32,857.28)						(32,857.28)
Debt Service Assessment				(35,192.00)			(35,192.00)
Refunding Bonds Proceeds				-	(00,000,081)		(180,000.00)
Total	(32,857.28)			(35,192.00)	(180,000.00)		(248,049.28)
Net Change for the Year	\$ 528,279.41	\$ 42,775.35	~~~	134,396.97) 5	486,400.23	ξ .	\$ 923,058.02
 In the statement of activities, interest on long-term debt in the statement of activitie funds, interest is reported when due. The accrued interest is an addition in the reconcil. Capital outlays are reported in governmental funds as expenditures. However, in the 	iations. (+)	-					\$ 42,775.35
allocated over their estimated useful lives as depreciation expense. This is the amount							
allocated over their estimated useful lives as depreciation expense. This is the amount							
allocated over their estimated useful lives as depreciation expense. This is the amount	which capital outlays excee						\$ (972.044.35)
allocated over their estimated useful lives as depreciation expense. This is the amount	which capital outlays excee	ded depreciation in the					\$ (972,044.35)
allocated over their estimated useful lives as depreciation expense. This is the amount	which capital outlays excee Depreciation expense Capital outlays (exclusive	ded depreciation in the					
allocated over their estimated useful lives as depreciation expense. This is the amount	which capital outlays excee	ded depreciation in the					872,839.38
allocated over their estimated useful lives as depreciation expense. This is the amount	which capital outlays excee Depreciation expense Capital outlays (exclusive	ded depreciation in the				;	
	which capital outlays excee Depreciation expense Capital outlays (exclusive	ded depreciation in the				:	872,839.38
allocated over their estimated useful lives as depreciation expense. This is the amount of the second of the secon	which capital outlays excee Depreciation expense Capital outlays (exclusive	ded depreciation in the				;	872,839.38
	which capital outlays excee Depreciation expense Capital outlays (exclusive	ded depreciation in the				:	872,839.38
	which capital outlays excee Depreciation expense Capital outlays (exclusive	ded depreciation in the				:	872,839.38
3. Adjustment to Capital Assets in accordance with physical appraisal 3. A Debt Service Assessment which is a capital outlay expenditure but not	which capital outlays excee Depreciation expense Capital outlays (exclusive	ded depreciation in the				:	872,839.38 \$ (99,204.97)
3. Adjustment to Capital Assets in accordance with physical appraisal	which capital outlays excee Depreciation expense Capital outlays (exclusive	ded depreciation in the				:	872,839.38
3. Adjustment to Capital Assets in accordance with physical appraisal 3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets.	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments	ded depreciation in the of capital	: period.			;	872,839.38 \$ (99,204.97)
3. Adjustment to Capital Assets in accordance with physical appraisal 3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments	of capital) ntal funds, the procee	: period.			:	872,839.38 \$ (99,204.97)
3. Adjustment to Capital Assets in accordance with physical appraisal 3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report from a sale increase financial resources. Thus, the change in net assets will differ from	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments	of capital) ntal funds, the procee	: period.			; ;	872,839.38 \$ (99,204.97)
3. Adjustment to Capital Assets in accordance with physical appraisal 3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments	of capital) ntal funds, the procee	: period.			:	872,839.38 \$ (99,204.97)
3. Adjustment to Capital Assets in accordance with physical appraisal 3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report from a sale increase financial resources. Thus, the change in net assets will differ from	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments	of capital) ntal funds, the procee	: period.			: : :	872,839.38 \$ (99,204.97)
3. Adjustment to Capital Assets in accordance with physical appraisal 3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report from a sale increase financial resources. Thus, the change in net assets will differ from	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments ed. whereas in the governments the change in fund balance (vacations) are measured by eported in the amount of fin	of capital of capital intal funds, the procee by the cost of the or the amounts earned ancial resources used	: period.			: :	872,839.38 \$ (99,204.97)
3. Adjustment to Capital Assets in accordance with physical appraisal 3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report from a sale increase financial resources. Thus, the change in net assets will differ from asset removed. (-) 4. In the statement of activities, certain operating expenses, e.g. compensated absences during the year. In the governmental funds, however, expenditures for these items are continuous.	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments ed. whereas in the governments the change in fund balance (vacations) are measured by eported in the amount of fin	of capital of capital intal funds, the procee by the cost of the or the amounts earned ancial resources used	: period.				872,839.38 \$ (99,204.97) \$ \$ (35,192.90)
3. Adjustment to Capital Assets in accordance with physical appraisal 3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report from a sale increase financial resources. Thus, the change in net assets will differ from asset removed. (-) 4. In the statement of activities, certain operating expenses, e.g. compensated absences during the year. In the governmental funds, however, expenditures for these items are expanditures for these items are expanded. When the earned amount exceeds the paid amount, the difference is reduction in	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments ed. whereas in the governments the change in fund balance (vacations) are measured by eported in the amount of fin	of capital of capital intal funds, the procee by the cost of the or the amounts earned ancial resources used	: period.			: :	872,839.38 \$ (99,204.97) \$ \$ (35,192.00)
3. Adjustment to Capital Assets in accordance with physical appraisal 3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report from a sale increase financial resources. Thus, the change in net assets will differ from asset removed. (-) 4. In the statement of activities, certain operating expenses, e.g. compensated absences during the year. In the governmental funds, however, expenditures for these items are expanditures for these items are expanded. When the earned amount exceeds the paid amount, the difference is reduction in	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments ed. whereas in the government the change in fund balance (vacations) are measured by eported in the amount of fin the reconciliation (+); when	ntal funds, the procee by the cost of the v the amounts earned ancial resources used the paid amount	period.	ſ.		: :	872,839.38 \$ (99,204.97) \$ \$ (35,192.00)
3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report from a sale increase financial resources. Thus, the change in net assets will differ from asset removed. (-) 4. In the statement of activities, certain operating expenses, e.g. compensated absences during the year. In the governmental funds, however, expenditures for these items are to (paid). When the earned amount exceeds the paid amount, the difference is reduction in exceeds the earned amount the differences is an addition to the reconciliation (+). Payment of long-term liability principal is an expenditure in the government funds, but	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments ed. whereas in the government the change in fund balance (vacations) are measured by eported in the amount of fin the reconciliation (+); when	ntal funds, the procee by the cost of the v the amounts earned ancial resources used the paid amount	period.	ſ		: :	872,839.38 \$ (99,204.97) \$ \$ (35,192.00)
3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report from a sale increase financial resources. Thus, the change in net assets will differ from asset removed. (-) 4. In the statement of activities, certain operating expenses, e.g. compensated absences during the year. In the governmental funds, however, expenditures for these items are (patd). When the earned amount exceeds the paid amount, the difference is reduction if exceeds the earned amount the differences is an addition to the reconciliation (+).	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments ed. whereas in the governments the change in fund balance (vacations) are measured by eported in the amount of finithe reconciliation (+); when the payment reduces long - the	ntal funds, the procee by the cost of the v the amounts earned ancial resources used the paid amount	period.	ſ		: :	872,839,38 5 (99,204,97) 5 5 (35,192,90) 6
3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report from a sale increase financial resources. Thus, the change in net assets will differ from asset removed. (-) 4. In the statement of activities, certain operating expenses, e.g. compensated absences during the year. In the governmental funds, however, expenditures for these items are to (paid). When the earned amount exceeds the paid amount, the difference is reduction in exceeds the earned amount the differences is an addition to the reconciliation (+). Payment of long-term liability principal is an expenditure in the government funds, but	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments ed, whereas in the governme the change in fund balance (vacations) are measured by eported in the amount of fin the reconciliation (+); when the payment reduces long - t Debt principal	ntal funds, the procee by the cost of the v the amounts earned ancial resources used the paid amount	period.	f.		: :	872,839.38 \$ (99,204.97) \$ \$ (35,192.00)
3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report from a sale increase financial resources. Thus, the change in net assets will differ from asset removed. (-) 4. In the statement of activities, certain operating expenses, e.g. compensated absences during the year. In the governmental funds, however, expenditures for these items are to (paid). When the earned amount exceeds the paid amount, the difference is reduction in exceeds the earned amount the differences is an addition to the reconciliation (+). Payment of long-term liability principal is an expenditure in the government funds, but	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments ed. whereas in the governments the change in fund balance (vacations) are measured by eported in the amount of finithe reconciliation (+); when the payment reduces long - the	ntal funds, the procee by the cost of the v the amounts earned ancial resources used the paid amount	period.	f		: :	872,839.38 5 (99,204.97) 5 5 (35,192.00) 6 (18,599.77) 685,000.00
3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report from a sale increase financial resources. Thus, the change in net assets will differ from asset removed. (-) 4. In the statement of activities, certain operating expenses, e.g. compensated absences during the year. In the governmental funds, however, expenditures for these items are to (paid). When the earned amount exceeds the paid amount, the difference is reduction in exceeds the earned amount the differences is an addition to the reconciliation (+). Payment of long-term liability principal is an expenditure in the government funds, but	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments ed, whereas in the governme the change in fund balance (vacations) are measured by eported in the amount of fin the reconciliation (+); when the payment reduces long - t Debt principal	ntal funds, the procee by the cost of the v the amounts earned ancial resources used the paid amount	period.	ď		: :	872,839,38 5 (99,204,97) 5 5 (35,192,90) 6
3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report from a sale increase financial resources. Thus, the change in net assets will differ from asset removed. (-) 4. In the statement of activities, certain operating expenses, e.g. compensated absences during the year. In the governmental funds, however, expenditures for these items are to (paid). When the earned amount exceeds the paid amount, the difference is reduction in exceeds the earned amount the differences is an addition to the reconciliation (+). Payment of long-term liability principal is an expenditure in the government funds, but	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments ed, whereas in the government the change in fund balance (vacations) are measured by eported in the amount of finithe reconciliation (-); when the payment reduces long - to Debt principal Capital lease principal	ntal funds, the procee by the cost of the y the amounts earned ancial resources used the paid amount	ds	ſ		: :	872,839.38 5 (99,204.97) 5 5 (35,192.90) 6 685,000.00
3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report from a sale increase financial resources. Thus, the change in net assets will differ from asset removed. (-) 4. In the statement of activities, certain operating expenses, e.g. compensated absences during the year. In the governmental funds, however, expenditures for these items are it (paid). When the earned amount exceeds the paid amount, the difference is reduction it exceeds the earned amount the differences is an addition to the reconciliation (+). Payment of long-term liability principal is an expenditure in the government funds, but not assets and is not reported in the statement of activities.	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments ed, whereas in the government the change in fund balance (vacations) are measured by eported in the amount of finithe reconciliation (-); when the payment reduces long - to Debt principal Capital lease principal	ntal funds, the procee by the cost of the y the amounts earned ancial resources used the paid amount	ds	ď		: :	872,839.38 5 (99,204.97) 5 5 (35,192.90) 6 685,000.00
3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report from a sale increase financial resources. Thus, the change in net assets will differ from asset removed. (-) 4. In the statement of activities, certain operating expenses, e.g. compensated absences during the year. In the governmental funds, however, expenditures for these items are repaid. When the earned amount exceeds the paid amount, the difference is reduction in exceeds the earned amount the differences is an addition to the reconciliation (+). Payment of long-term liability principal is an expenditure in the government funds, but not assets and is not reported in the statement of activities.	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments ed, whereas in the government the change in fund balance (vacations) are measured by eported in the amount of fin the reconciliation (+); when the payment reduces long + to Debt principal Capital lease principal	ntal funds, the procee by the cost of the v the amounts earned ancial resources used the paid amount erm liabilities in the si	ds	ſ		\$\frac{1}{2}\$\$ \$\frac	872,839.38 \$ (99,204.97) \$ \$ (35,192.90) \$ \$ (18,599.77) \$ 685,000.00 \$ 666,400.23
3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report from a sale increase financial resources. Thus, the change in net assets will differ from asset removed. (-) 4. In the statement of activities, certain operating expenses, e.g. compensated absences during the year. In the governmental funds, however, expenditures for these items are repaid. When the earned amount exceeds the paid amount, the difference is reduction in exceeds the earned amount the differences is an addition to the reconciliation (+). Payment of long-term liability principal is an expenditure in the government funds, but not assets and is not reported in the statement of activities.	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments) ed, whereas in the government the change in fund balance (vacations) are measured by exported in the amount of finithe reconciliation (+); when the payment reduces long - to Debt principal Capital lease principal ce not revenue in the statement of the proceeds of long - term debt.	ntal funds, the procee by the cost of the v the amounts earned ancial resources used the paid amount erm liabilities in the si	ds	ſ		: :	872,839.38 \$ (99,204.97) \$ \$ (35,192.90) \$ \$ (18,599.77) \$ 685,000.00 \$ 666,400.23
3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report from a sale increase financial resources. Thus, the change in net assets will differ from asset removed. (-) 4. In the statement of activities, certain operating expenses, e.g. compensated absences during the year. In the governmental funds, however, expenditures for these items are repaid. When the earned amount exceeds the paid amount, the difference is reduction in exceeds the earned amount the differences is an addition to the reconciliation (+). Payment of long-term liability principal is an expenditure in the government funds, but not assets and is not reported in the statement of activities.	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments ed, whereas in the government the change in fund balance (vacations) are measured by eported in the amount of fin the reconciliation (+); when the payment reduces long + to Debt principal Capital lease principal	ntal funds, the procee by the cost of the v the amounts earned ancial resources used the paid amount erm liabilities in the si	ds	đ		\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	872,839,38 5 (99,204,97) 5 5 (35,192,00) 685,000,00 685,000,00 666,400,23
3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets. 3. In the statement of activities, only the gain on the disposal of capital assets is report from a sale increase financial resources. Thus, the change in net assets will differ from asset removed. (-) 4. In the statement of activities, certain operating expenses, e.g. compensated absences during the year. In the governmental funds, however, expenditures for these items are repaid. When the earned amount exceeds the paid amount, the difference is reduction in exceeds the earned amount the differences is an addition to the reconciliation (+). Payment of long-term liability principal is an expenditure in the government funds, but not assets and is not reported in the statement of activities.	which capital outlays excee Depreciation expense Capital outlays (exclusive lease principal payments) ed, whereas in the government the change in fund balance (vacations) are measured by exported in the amount of finithe reconciliation (+); when the payment reduces long - to Debt principal Capital lease principal ce not revenue in the statement of the proceeds of long - term debt.	ntal funds, the procee by the cost of the v the amounts earned ancial resources used the paid amount erm liabilities in the si	ds	ď		\$\frac{1}{2}\$\$ \$\frac	872,839.38 \$ (99,204.97) \$ \$ (35,192.90) \$ \$ (18,599.77) \$ 685,000.00 \$ 666,400.23

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note III: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At June 30, 2012 the Borough of Mountain Lakes School District's cash and cash equivalent's amounted to \$4,813,205.29. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$4,563,205.29 was covered by a collateral pool maintained by the banks as required by GUDPA.

At June 30, 2012 the Borough of Mountain Lakes School District had no participation in the State of New Jersey Cash Management Fund.

GASB Statement No. 40, Deposit and Investment Risk Disclosures, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Borough of Mountain Lakes School District will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of June 30, 2012, none of the Borough of Mountain Lakes School District's cash and cash equivalents of \$4,813,205.29was exposed to custodial credit risk as follows:

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 18A:20-37) permit the Borough of Mountain Lakes School District to purchase the following types of securities:

- a. When authorized by resolution adopted by a majority vote of all its members the board of education of any school district may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the school district;
- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
 - (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of local unit or units within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by school district;
 - (6) Local government investment pools:
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or
 - (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a:
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

The Borough of Mountain Lakes School District had no investments as described in Note 1:G.1 at June 30, 2012.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

B. Interfund Receivables and Payables

As of June 30, 2012 interfund receivables and payables resulting from various interfund transactions were as follows:

	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
General Fund Enterprise Fund	\$ -0- 20,718.05	\$20,718.05
	\$20,718.05	\$20,718.05

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

		Beginning Balance		Additions		Adjustments		Ending Balance
Governmental activities:								
Capital assets not being depreciated:								
Land	S	300,000.00	S	_	S	_	s	300,000.00
Construction in Progress	•	27,232.67	•	-	•	(27,232.67)		300,000.00
Total Capital assets not being depreciated	-	327,232.67				(27,232.67)		300,000.00
Land Improvements		584,359.28						584,359.28
Buildings and Improvements		30,754,826.41		662,521,53		27,232.67		31,444,580.61
Machinery and Equipment		3,488,928.95		175,125.85		27,202.07		3,664,054.80
Totals at historical cost		34,828,114.64		837,647.38		27,232.67		35,692,994.69
Less accumulated depreciation for:								
Land Improvements		(545,622.92)		(25,602.24)				(571,225.16)
Buildings and Improvements		(6,911,474.28)		(615,700.34)				(7,527,174.62)
Machinery and Equipment		(3,183,661.94)		(330,741.77)	~~~~	-		(3,514,403.71)
Total accumulated depreciation	Accession 4	(10,640,759.14)		(972,044.35) (1)				(11,612,803.49)
Net capital assets being depreciated		24,187,355.50	~~~	(134,396.97)		27,232.67		24,080,191.20
Governmental activities capital assets, net	<u>s</u>	24,514,588.17	<u>\$</u>	(134,396.97)	<u>\$</u>		<u>s</u>	24,380,191.20
Business - type activities:								
Equipment	\$	26,227.38	\$	•	\$	-	\$	26,227.38
Less accumulated depreciation	***************************************	(9,768.05)		(2,185.61)		. .	-	(11,953.66)
Business - type activities capital assets, net	<u>\$</u>	16,459.33	<u>s</u>	(2,185.61)	\$	-	<u>s</u>	14,273.72
(1) Depreciation expense was charged to govern	mental f	unctions as follows						
Instruction			\$	532,396.33				
Special Education			-	163,202.91				
Other Instruction (Athletic)				44,073.65				
School Administrative Services				30,734.32				
General and Business Administrative Serv	vices			38,572.35				
Plant Operations and Maintenance				149,916.89				
Pupil Transportation				13,147.90				
			<u>s</u>	972,044.35				

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note IV: Detailed Disclosures Regarding Liabilities and Expenses Expenditures

A. Operating Leases

The District has commitments to lease copying and computer equipment and mailing systems under operating leases which expire in 2017. Total operating lease payments made during the year ended June 30, 2012 were \$157,782.16. Future minimum lease payments are as follows:

<u>Year Ended</u>	Amount
June 30, 2013	\$ 113,923.54
June 30, 2014	51,706.62
June 30, 2015	41,089.60
June 30, 2016	37,468.80
June 30, 2017	25,278.80
Total future minimum lease payments	<u>\$ 269,467.36</u>

B. Long - Term Liabilities

Long - Term liability activity for the year ended June 30, 2012 was as follows:

		Beginning Balance		Accruals		<u>Paid</u>		Ending Balance		Amounts Due Within One Year
Governmental activities:										
Long - Term debt:										
Serial Bonds	5	13,485,000.00	S	180,000.00	5	(685,000.00)	5	12,980,000.00	\$	775,000.00
Total debt payable	'association files	13,485,000.00	-	180,000.00		(685,000.00) (1)		12,980,000.00		775,000.00
Other liabilities:										
Compensated absences		492,239.31		58,342.27	-	(39,742.50)		510,839.08		50,000.00
Total other liabilities	www.common	492,239.31	*****	58,342.27		(39,742.50) (2)		510,839.08		50,000.00
Governmental activities										
long - term liabilities	<u>s</u>	13,977,239.31	5	238,342.27	5_	(724,742.50)	\$	13,490,839.08	<u>s</u>	825,000.00

- (1) Paid by debt service fund
- (2) Paid by general fund

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note IV: Detailed Disclosure Regarding Liabilities and Expenses Expenditures (Continued)

B. Long - Term Liabilities (Continued)

1. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Serial Bonds outstanding as of June 30, 2012 consisted of the following:

Description	<u>Interest</u>	<u>Due</u>	<u>Maturity</u>	<u>Amount</u>	<u>Amount</u>
	Rate	<u>Date</u>	<u>Date</u>	<u>Issued</u>	Outstanding
High School - 11/15/03	Multiple	9/15	2014	\$10,920,000.00	\$ 800,000.00
Refunding – 9/14/05	Multiple	1/15	2023	5,825,000.00	4,580,000.00
Refunding $-3/19/12$	Multiple	9/15	2029	7,600.000.00	7,600,000.00
•	·				\$12,980,000.00

Principal and interest due on serial bonds outstanding is as follows:

Year ending June 30,	<u>Principal</u>	Interest	Total
2013	\$ 775,000.00	\$ 419,144.59	\$ 1,194,144.59
2014	790,000.00	392,030.00	1,182,030.00
2015	825,000.00	364,030.00	1,189,030.00
2016	845,000.00	334,605.00	1,179,605.00
2017	890,000.00	301,280.00	1,191,280.00
2018	900,000.00	270,955.00	1,170,955.00
2019	940,000.00	236,825.00	1,176,825.00
2020	955,000.00	204,375.00	1,159,375.00
2021	995,000.00	176,125.00	1,171,125.00
2022	1,005,000.00	146,506.25	1,151,506.25
2023	1,020,000.00	111,187.50	1,131,187.50
2024	500,000.00	74,862.50	574,862.50
2025	510,000.00	63,181.75	573,181.25
2026	500,000.00	50,875.00	550,875.00
2027	515,000.00	36,900.00	551,900.00
2028	505,000.00	21,600.00	526,600.00
2029	510,000.00	7,012.50	<u>517,012.50</u>
	\$12,980,000.00	\$ 3,211,494.59	\$16,191,494.59

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note IV: Detailed Disclosure Regarding Liabilities and Expenses Expenditures (Continued)

B. Long - Term Liabilities (Continued)

2. Temporary Notes

There were no Temporary Notes outstanding as of June 30, 2012.

3. Bonds Authorized But Not Issued

There were no authorized but not issued bonds as of June 30, 2012.

4. Capital Leases Payable

There were no Capital Leases Pavable as of June 30, 2012.

Note V: Detailed Disclosure Regarding Fund Equity

A. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L.2004, C7.73 (S1701), the designation for Reserved Fund Balance---Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at fiscal year of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2012 is \$1,907,964.62 The reserved fund balance of \$1.064,513.70 has been appropriated in the fiscal year 2012 -2013 and \$843,810.92 will be appropriated in the fiscal year 2013 -2014.

B. Capital Reserve Account

During fiscal year 1992-1993 the Board passed a resolution for the establishment of a capital reserve account. The 1992-1993 certified budget included an increase in the capital reserve account of \$60,000.00 comprised of a Board approved transfer from excess unreserved fund balance for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note V: Detailed Disclosure Regarding Fund Equity (Continued)

B. Capital Reserve Account (Continued)

A summary of the account's transactions is as follows:

1992-1993	Budget (described above)	\$ 60,000.00
1998-1999	Budget (Unreserved Fund Balance)	600,000,00
1998-1999	Investment Income	24,000.00
1999-2000	Expenditures	(400.000.00)
1999-2000	Investment Income	15,620.00
2000-2001	Expenditures	(250,000.00)
2000-2001	Fund Balance Transferred	100.00
2000-2001	Investment Income	2,000.00
2001-2002	Budget (Tax Levy)	156,180.00
2001-2002	Investment Income	4,300.00
2002-2003	Investment Income	3,000.00
2002-2003	Expenditures	(20,210.00)
2003-2004	Investment Income	2,346.78
2003-2004	Expenditures	(38.538.00)
2004-2005	Investment Income	13,008.00
2004-2005	Expenditures	(100,000.00)
2005-2006	Expenditures	(35,157.53)
2005-2006	Investment Income	1,608.26
2006-2007	Investment Income	1,912.88
2007-2008	Investment Income	602.56
2007-2008	Budget (Unreserved Fund Balance)	350,000.00
2008-2009	Resolution (Unreserved Fund Balance)	525,000.00
2008-2009	Investment Income	252.95
2009-2010	Expenditures	(225,000.00)
2010-2011	Resolution (Unreserved Fund Balance)	850,000.00
2010-2011	Expenditures	(477, 231.47)
2011-2012	Investment Income	235.81

Balance June 30, 2012 \$1,064,030.24

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects at June 30, 2012 is \$8,132,400.00. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note VI: Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost sharing plan with special funding situations as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The PERS is considered a cost sharing multiple-employer defined benefit plan.

The Public Employees' Retirement System (PERS) was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

The Teachers' Pension and Annuity Fund (TPAF) was established in January 1955, under the provisions of N.J.S.A. 18:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Retirement Benefits

For PERS and TPAF employees, the benefits will be 1/55 of the average of the three highest years compensation for each year of service. However, for PERS and TPAF who are veterans of the U.S. armed forces, the benefits will be 1/55 of final compensation for each year of service.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note VI: Pension Plans (Continued)

Contribution Requirements (Continued)

Significant Legislation

P.L 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF, PERS, PFRS, SPRS, and JRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ½ of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS and PERS prosecutors Part active member rates increase from 8.5 percent to 10 percent; SPRS active member rates increase from 7.5 percent to 9 percent; and JRS active member rates increase from 3 percent to 12 percent phased-in over seven years. For Fiscal Year 2012, the member contributions for TPAF, PERS and JRS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funding Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPF, JRS, and SPRS) is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the Statefunded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 78.5 percent and \$10.7 billion.

The required supplementary information regarding the funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared o past expectations and new estimates are made about the probability of future events.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note VI: Pension Plans (Continued)

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. The pension funds provide for employee contributions based on 5.5 percent for TPAF and 5.5 percent for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the state fiscal year ended June 30, 2011, for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, annual pension cost equals contributions made.

The District's total payroll for the year ended June 30, 2012 was \$22,465,745.19 and covered payroll was \$16,585,870.00 for TPAF and \$3,714,522.00 for PERS. Contributions to the TPAF and the PERS for the years ended June 30, 2010, 2011 and 201 made by the employees, the Board, and the State of New Jersey on behalf of the Board were as follows:

		TPAF	Percent of Covered Payroll	PERS	Percent of Covered Payroll
Employees	6/30/12	\$1,061,937.86	6.40%	\$238,945.51	6.43%
Employees	6/30/11	937.728.51	5.53%	217,717.31	5.52%
	6/30/10	955,737.61	5.51%	224,122.93	5.57%
Board of Education	6/30/12	N/A	N/A	451,266.00	12.14%
	6/30/11	N/A	N/A N/A	454,527.00 302,736.97	11.52% 7.51%
	6/30/10	N/A	11/74	302,730.77	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
State of New Jersey	6/30/12	1,649,975.00	9.94%	N/A	N/A
State of New Sersey	6/30/11	1,180,264.00	6.97%	N/A	N/A
	6/30/10	1,189,254.00	6.85%	N/A	N/A

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,279,110.48 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount and the State of New Jersey's Contribution to the TPAF have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note VII: Health Benefit and Post-Retirement Medical Benefits

P.L. 2011, c.78 effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Health Benefits Program Fund (HBPF)- Local Education (including Prescription Drug Program Fund)- The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage.

P.L. 1987, c.384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, respectively, to fund post-retirement medical benefits for those employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the state contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

Note VIII: Risk Management

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following table is a summary of district contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the district's trust fund for the current and previous two years:

Fiscal Year	District	Employee	Amount	Ending
	Contributions	Contributions	Reimbursed	<u>Balance</u>
2011-2012	\$ 30,000.00	\$ 51,175.06	\$ 94,356.76	\$ 148,807.79
2010-2011	60,000.00	51,203.61	158,376.54	161,989.49
2009-2010	110,000.00	31,081.01	65,085.12	209,162.42

The Borough of Mountain Lakes School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note VIII: Risk Management (Continued)

The District is a member of the New Jersey School Board Association Insurance Group (the "Group"). The Group is both an insured and self-administered group of school districts established for the purpose of providing certain low-cost Property Damage, Employer's Liability, Automobile and Equipment Liability insurance coverage for member school districts in order to keep local property taxes at a minimum. The District pays an annual assessment to the Group and should it be determined that payments received by the Group are deficient, additional assessments may be levied. Additionally, the Group maintains a contract of excess insurance with a commercial reinsuror to secure the payment of benefits.

The District is a member of the Morris Essex Workers' Compensation Joint Insurance Fund (the "Fund"). The Fund is both insured and self-administered group of school districts established for the purpose of providing certain low-cost Workers' Compensation coverage for member school districts in order to keep local property taxes at a minimum.

The District pays an annual assessment to the Fund and should it be determined that payments received by the Fund are deficient, additional assessments may be levied. Additionally, the Fund maintains a contract of excess insurance with a commercial reinsuror to secure the payment of benefits.

The Borough of Mountain Lakes School District continues to carry commercial insurance coverage for all risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note IX: Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. T.P.A.F. staff who retire, as per the provisions of the state pension system, and have at least 15 years of continuous service in Mountain Lakes are reimbursed for accumulated sick leave up to a maximum of \$8,000.00 for teachers and \$12,000.00 for administrators.

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year are reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, no liability existed for compensated absences in the Food Service Fund.

Note X: Contingent Liabilities

The Borough of Mountain Lakes School District is a defendant in several lawsuits, none of which is unusual for a Board of Education of its size. Additional liabilities, if not covered by insurance, should not be material in amount.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

Section C BUDGETARY COMPARISON SCHEDULES

		Original Budget	Budget <u>Transfers</u>	Final Budget	Actual	Variance Final to <u>Actual</u>
REVENUES:						
Local Sources:						
Local Tax Levy Tuition		\$ 18,254,489.00 \$ 13,232,136.00	877,719.00	\$ 18,254,489,00 \$ 14,109,855.00	18,254,489.00 14,104,814,25	\$ - (5.040.75)
interest Earned on Investments		40,000.00	011,119.00	40,000 00	550.23	(39,449.77)
interest Eamed on Capital Reserve Funds					235.81	235.81
Miscellaneous		140,000.00		140,000.00	192,917 21	52,917 21
Total - Local Sources		31,666,625.00	877,719.00	32,544,344.00	32,553,006.50	8,662 50
State Sources:						
Categorical Special Education Aid Extraordinary Aid		337,749.00	•	337,749 00	675,498.00	337.749 00
Non-Public Transportation Aid			•		151,087 00 8,178.00	151,087 00 8,178 00
Bullying Prevention State Aid Grant					12,987 00	12,987 00
TPAF Pension (On-Behalf - Non-Budgeted)			-		1,649,975.00	1.649,975 00
TPAF Social Security (Reimbursed - Non-Budgeted) Total State Sources		337,749.00	•	337,749.00	1,279,110.48	1,279,110.48
Total State Sources		337,749.00	•	337,749.00	3,776,835.48	3,439,086.48
Federal Sources: ARRA Education Jobs Fund		21 540 00	987 00	22 505 00	22 500 00	
Total - Federal Sources		31,519.00 31,519.00	987.00	32,506.00	32,506.00	•
Total Revenues		32,035,893.00	878,706.00	32,914,599.00	32,506.00 36,362,347.98	3,447,748.98
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction						
Preschool - Salaries of Teachers Kindergarten - Salaries of Teachers	105-100-101 110-100-101	57,167 00 124,975,00	14,841.00 20,000.00	72,008.00 144,975.00	70,607 62 132,698.98	1,400 38 12,276,02
Grades 1-5 - Salaries of Teachers	120-100-101	2,121,733.00	3,312.00	2,125,045.00	2,038,305.33	86,739.67
Grades 6-8 - Salaries of Teachers	130-100-101	1,605,537.00	146,593.00	1,752,130.00	1,619,868 18	132,261.82
Grades 9-12 - Salaries of Teachers	140-100-101	3,859,476.00	(115,715.00)	3,743,761.00	3,627,396.12	116,364.88
Regular Programs - Home Instruction: Salaries of Teachers	150-100-101	17,763.00	(5,920 00)	11,843.00	5,317.50	6,525.50
Regular Programs - Undistributed Instruction	100 100 101	11,100.00	(5,520 00)	11,045,00	3,317.30	0,020.00
Other Salaries for Instruction	190-100-106	168,442.00	•	168,442.00	166,036.01	2,405 99
Purchased Technical Services Other Purchased Services (400-500 series)	190-100-340 190-100-500	28,000.00	(1,025.00)	26,975.00	18,970.40	8,004 60
General Supplies	190-100-610	148,570.00 284,594.00	47,781.85 18,920.99	196,351 85 303,514,99	182,929.46 292,678.78	13,422 39 10,836.21
Textbooks	190-100-640	65,855.00	(10,268.39)	55,586.61	37,399.40	18,187.21
Other Objects	190-100-800	29,600.00	10,733.00	40,333.00	39,372.47	960.53
TOTAL REGULAR PROGRAMS - INSTRUCTION		8,511,712.00	129,253.45	8,640,965.45	8,231,580.25	409,385 20
SPECIAL EDUCATION - INSTRUCTION						
Visual Impairments: Salaries of Teachers	206-100-101	116,868,00	2,000.52	118,868.52	117,196.49	1,672.03
General Supplies	206-100-610	2,800.00	131 00	2,931.00	2,520.72	410.28
Textbooks	206-100-640	400.00	*	400.00	255.23	144.77
Total Visual Impairments		120,068.00	2,131.52	122,199.52	119,972.44	2,227.08
Auditory Impairments: Salaries of Teachers	207-100-101	2 462 450 00	500 011 00			
Other Salaries for Instruction	207-100-101	3,463,159.00 171,905,00	598,341.00 5,391.00	4,061,500.00 177,296.00	3,964,362.19 162,498.35	97,137.81 14,797.65
General Supplies	207-100-610	7,500.00	36,332.33	43,832.33	34,589.99	9,242.34
Textbooks	207-100-640	1,300.00	7,504.00	8,804.00	8,804.00	-
Total Auditory Impairments		3,643,864.00	647,568.33	4,291,432.33	4,170,254.53	121,177.80
Resource Room/Resource Center: Salaries of Teachers	213-100-101	1,274,741 00	(30,532.00)	1,244,209.00	1,220,296.44	23,912.56
General Supplies	213-100-610	7,430.00	(658.92)	6,771.08	6,580.03	191.05
Textbooks	213-100-640	2,200.00	(1,901.00)	299.00	298.40	0.60
Total Resource Room/Resource Center		1,284,371.00	(33,091.92)	1,251,279.08	1,227,174.87	24,104.21
Preschool Disabilities - Part-Time: Salaries of Teachers	215-100-101	470.040.00				
Other Salaries for Instruction	215-100-101	179,618.00 588.00	11,899.00 31,679.00	191,517.00 32,267.00	191,517.00 32,266.51	0.49
General Supplies	215-100-610		3,000.00	3,000.00	3,000 00	0.49
Total Preschool Disabilities - Part-Time		180,206.00	46,578.00	226,784 00	226,783.51	0.49
Home Instruction:						
Salaries of Teachers Other Salaries for Instruction	219-100-101 219-100-106	377,512.00	(127,168.00)	250,344.00	245,343.69	5,000.31
Other Purchased Services (400-500 series)	219-100-100	23,229.00 20,000.00	778.00 (15,054.00)	24,007.00 4.946.00	21,032.34 4,945.15	2,974 66 0.85
General Supplies	219-100-610	500.00	7,046.47	7,546.47	7,544.98	1 49
Total Home Instruction		421,241.00	(134,397.53)	286,843.47	278,866.16	7,977.31
TOTAL SPECIAL EDUCATION - INSTRUCTION		5,649,750.00	528,788.40	6,178,538.40	6,023,051.51	155,486 89
Basic Skills/Remedial - Instruction						
Salaries of Teachers Total Regio Skills/Remadial Instruction	230-100-101	141,919.00	33,664.00	175,583.00	172,083.00	3,500.00
Total Basic Skills/Remedial - Instruction Bilingual Education - Instruction		141,919.00	33,664 00	175,583.00	172,083.00	3,500.00
Salaries of Teachers	240-100-101	6,075.00	(6,075.00)			
General Supplies	240-100-610	500.00	(417.00)	83.00	82.69	0.31
Total Bilingual Education - Instruction		6,575.00	(6,492.00)	83.00	82.69	0.31
						· · · · · · · · · · · · · · · · · · ·

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to <u>Actual</u>
School-Spon. Cocurricular Actvts inst.						
Salaries Supplies and Materials	401-100-100 401-100-600	\$ 138,835.00				
Other Objects	401-100-600 401-100-800	9,000 00	2,995.00 3,493.00	2,995.00	2,994,95	0.06
Total School-Spon. Cocurricular Actvts Inst.	407-700-000	147,835 00	20,035 00	12.493.00	12,492.90 146,226.35	21,643.65
School-Spon. Athletics - Instruction			20,000 00	107,810.00	140,220.33	21,043.00
Salaries	402-100-100	443,333.00	1,749 00	445.082.00	433.636.33	11,445.67
Supplies and Materials	402-100-600	5,150.00	(2,841.00)	2,309.00	300 00	2,009.00
Other Objects Total School-Spon, Athletics - Instruction	402-100-800	192,167.00	14,834 64	207,001 64	203,543.42	3,458.22
Total Instruction		640,650.00 15,098,441.00	718,991 49	654,392,64 15,817,432,49	637,479.75 15,210,503.55	16,912.89
the stability should be seen at the second second						300,320.04
Undistributed Expenditures - Instruction Tuition to Other LEAs Within the State - Special	000-100-562	837,883.00	(52,632.00)	785.251.00	700.070.04	
Tuition to County Voc. School Dist Regular	000-100-563	00.000.00	71,703.00	71,703.00	766,250.26 71,702.90	19,000.74 0.10
Tuition to County Voc. School Dist Special	000-100-564	62,600.00	(62,600.00)	71,755.00	71,702.90	0.10
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	000-100-567	46,130.00	44,223.00	90,353.00	58,486.32	31,866 68
Tuition - State Facilities	000-100-568	•	30,750.00	30,750 00	30,750.00	
Tuition - Other	000-100-569		5,733.40	5,733.40	689.00	5,044.40
Total Undistributed Expenditures - Instruction		946,613.00	37,177 40	983,790.40	927,878.48	55,911 92
Undist. Expend Health Services Salaries	202 212 122	******				
Purchased Professional and Technical Services	000-213-100 000-213-300	755,282.00 220,000.00	85,409.00	840,691.00	829,178.63	11,512.37
Other Purchased Services (400-500 series)	000-213-500	383.00	53,780.00 (179.00)	273,780.00 204.00	261,771.36	12,008.64
Supplies and Materials	000-213-600	8,135.00	26,338.00	34,473.00	204.00 32.206.93	2.266.07
Other Objects	000-213-800	650.00	23.00	673.00	291.32	381 68
Total Undistributed Expenditures - Health Services		984,450.00	165,371.00	1,149,821.00	1,123,652.24	26,168.76
Undist. Expend Speech, OT, PT & Related Services						20,.000
Salaries of Other Professional Staff	000-216-100	185,998.00	952.00	186,950.00	183,249.60	3,700 40
Supplies and Materials	000-216-600	1,000 00		1,000.00	874 91	125.09
Total Undist. Expend Speech,OT,PT & Related Services		186,998.00	952.00	187,950.00	184,124.51	3,825.49
Undist. Expend Other Supp. Serv. Students - Extra Serv.						
Salaries of Other Professional Staff	000-217-100	199,494.00	12,155 00	211,649.00	207,548.30	4,100.70
Total Undist, Expend Other Supp. Serv. Students - Extra Serv.		199,494.00	12,155.00	211,649.00	207,548.30	4,100 70
Undlst. Expend Guldance Salaries of Other Professional Staff						
Salaries of Other Professional Staff Salaries of Secretarial and Clerical Assistants	000-218-104 000-218-105	562,732.00		562,732.00	548,922.18	13,809.82
Other Salaries	000-218-110	154,569.00 795.00	876.00	155,445.00 795.00	153,431.16	2,013.84
Other Purchased Services (400-500 series)	000-218-500	1,000.00		1,000.00	750.00 19.84	45.00 980.16
Supplies and Materials	000-218-600	8,000.00	9,322.00	17,322.00	11,891.78	5,430.22
Other Objects	000-218-800	5,400.00	-	5,400.00	3,641.00	1,759.00
Total Undist, Expend Guidance		732,496.00	10,198.00	742,694.00	718,655.96	24,038.04
Undist. Expend Child Study Team						
Salaries of Other Professional Staff	000-219-104	528,607.00	8,843.00	537,450.00	526,449.31	11,000.69
Salaries of Secretarial and Clerical Assistants	000-219-105	56,425.00	(1,173.00)	55,252.00	53,274.67	1,977.33
Supplies and Materials Other Objects	000-219-600 000-219-800	2,930.00	17,420.42	20,350.42	3,472.35	16,878.07
Total Undist. Expend Child Study Team	000-219-600	2,800.00	(1,793.00)	1,007.00	1,006.79	0 21
Undist. Expend Improvement of Inst. Serv.		590,762.00	23,297 42	614,059.42	584,203.12	29,856.30
Salaries of Supervisor of Instruction	000-221-102	639,934.00	29.549.00	669,483.00		
Salaries of Other Professional Staff	000-221-104	50.750.00	50,793.00	101,543.00	659,482.01 99,542.27	10,000.99
Other Salaries	000-221-110	28,570.00	1.876.00	30,446.00	30,445.90	2,000.73 0.10
Other Purch Services (400-500)	000-221-500	4,500.00	358.00	4,858.00	2,910.94	1,947.06
Supplies and Materials	000-221-600	2,625.00	(2,625.00)		-1	.,541.00
Other Objects	000-221-800		4,114.00	4,114.00	4,114.00	-
Total Undist. Expend Improvement of Inst. Serv.		726,379.00	84,065.00	810,444.00	796,495.12	13,948.88
Jndlst. Expend Edu. Media Serv./Sch. Library Salaries	000 000 100					
Salaries Salaries of Technology Coordinators	000-222-100 000-222-177	327,135.00	(1,000.00)	326,135.00	322,300.00	3,835.00
Supplies and Materials	000-222-177	111,110.00 35,525.00	109.00 5,350.00	111,219.00	111,218.88	0.12
Other Objects	000-222-800	2,720.00	5,350.00	40,875.00 2,720.00	39,349.47 2,641.02	1,525,53
fotal Undist, Expend Edu. Media Serv./Sch. Library		476,490.00	4,459.00	480,949.00	475,509.37	78.98
Indist. Expend Instructional Staff Training Serv.			4,400.00	400,348.00	473,309.37	5,439.63
Purchased Professional - Educational Service	000-223-320		2,200.00	2,200.00	2,200.00	
Other Purchased Services (400-500 series)	000-223-500	9,200.00	3,533.00	12,733.00	10,985.73	1,747.27
Other Objects	000-223-800	4,700.00	(2,221.00)	2,479.00	1,241.80	1,237.20
otal Undist, Expend Instructional Staff Training Serv.		13,900.00	3,512.00	17,412.00	14,427.53	2,984.47
Indist. Expend Supp. Serv General Admin.						
Salaries	000-230-100	165,587.00	7,598.00	173,185.00	161,200.94	11,984.06
Legal Services Audit Fees	000-230-331	39,417.00	51,225.00	90,642.00	87,530.16	3,111 84
Architectural/Engineering Services	000-230-332 000-230-334	20,300.00 20,052.00	(2,300.00)	18,000.00	18,000.00	-
Other Purchased Professional Services	000-230-339	20,032.00	(20,052.00) 45,125.00	45 125 00	20.007.00	
Communications/Telephone	000-230-530	90,650.00	(17,368.00)	45.125.00 73,282.00	30,687.09 70,580.91	14,437.91 2,701.09
BOE Other Purchased Services	000-230-585	5,000.00	(4,097.00)	903.00	902.04	2.701.09
Other Purchased Services (400-500 series)	000-230-590	17,829.00	26,504.89	44,333.89	41,037.09	3,296.80
General Supplies	000-230-610	17,600.00	5,853.46	23,453.46	23,035.25	418.21
BOE In-House Training/Meeting Supplies	000-230-630	500.00	8.00	508.00	508.00	
ROF Mamharehin Duge and Foor						
BOE Membership Dues and Fees otal Undist. Expend Supp. Serv General Admin.	000-230-895	15,000.00 391,935.00	1,075.00 93,572.35	16,075.00 485,507.35	16,074.05	0.95

			Original Budget		udget insfers	Final Budget		Actual		Variance Final to Actual
Undist. Expend Support Serv School Admin.	220 242 422	s	772,390.00		(50,727.00) \$	721,663.00		703,796 88	•	17 866 12
Salaries of Principals/Assistant Principals Salaries of Other Professional Staff	000-240-103	,	157.825.00	•	(30,727.00) 3	157,825.00	•	156,298.10	•	1,526 90
Salaries of Secretanal and Clerical Assistants	000-240-105		565,686.00		8,654.00	574,340 00		563,101 66		11,238.34
Other Purchased Services (400-500 series)	000-240-500		8,150.00		(7,319,00) 13,002,23	831 00 62,027 23		829.52 55.034.85		1.48 6.992.38
Supplies and Materials Other Objects	000-240-600		49,025.00 31,791.00		(11.10)	31,779 90		28,663.78		3,116.12
Total Undist, Expend Support Serv School Admin.	300 240 303		1,584,867.00		(36,400.87)	1,548,466.13		1.507,724.79		40,741 34
Undist, Expend Central Services		-								
Salaries	000-251-100		274,482.00		8,306.00	282,788.00		274,524 64 2,318,70		8,263.36 1.30
Miscellaneous Purchased Services (400-500 Series)	000-251-592		4,600.00 4,873.00		(2,280.00) (966.00)	2,320 00 3,907 00		3,896.94		10.06
Supplies and Matenals Miscellaneous Expenditures	000-251-890		16,932.00		186.00	17,118.00		16,930.87		187.13
Total Undist. Expend Central Services			300,887.00		5,246.00	306, 133.00		297,671 15		8.461.85
Undist. Expend Admin. Info. Technology										
Other Purchased Services (400-500 series)	000-252-500		3,300.00 700.00		(3,300 00)	40.00		40 00		-
Supplies and Materials Other Objects	000-252-600 000-252-800		1,650.00		(35.00)	1,615.00		1,615.00		
Total Undist. Expend Admin. Info. Technology	000 202 000	-	5,650.00		(3,995.00)	1,655.00		1,655.00		-
Undist, Expend Allowable Maint. For School Facilities					_					
Salaries	000-261-100		370,262.00		(3,664.00)	366,598.00		357,186.89		9,411.11
Cleaning, Repair and Maintenance Services	000-261-420		141,700.00		83,877.00	225,577 00		195,264.92		30,312.08
General Supplies	000-261-610		57,940.00		42,336.00	100,276 00 700 00		99,907.07 640.00		368.93 60.00
Other Objects	000-261-800		15,773.00 585,675.00		(15,073.00) 107,476.00	693,15100		652,998.88		40,152.12
Total Undist. Expend Allowable Maint. For School Facilities Undist. Expend Oth. Oper. & Maint. of Plant			363,073.00		.07,470.00	030, 101 00		002,330.00		
Salaries	000-262-100		1,004,352.00		7,504.11	1,011,856 11		970,725 99		41,130.12
Cleaning, Repair and Maintenance Services	000-262-420		297,541.00		(10,983.34)	286,557 66		273,379.47		13,178.19
Other Purchased Property Services	000-262-490		28,600.00 185,946.00		3,778.00	32,378.00 185,846.00		19,604.14 183,590,72		12,773.86 2,255.28
Insurance	000-262-520		185,946.00		(100.00) 44,066.00	205.236.00		202,584.34		2,651.66
General Supplies Energy (Natural Gas)	000-262-621		345,462.00	(120,874.00)	224,588 00		189,108.94		35,479 06
Energy (Electricity)	000-262-622		387,177.00		(44,461 23)	342,715.77		314,654.94		28,060.83
Other Objects	000-262-800		142,700.00	-	(1,852.00)	140,848.00		140,847.96		0.04
Total Undist, Expend Other Oper, & Maint. Of Plant			2,552,948.00		122,922.46)	2,430,025.54		2,294,496.50		135,529.04
Undist. Expend Care and Upkeep of Grounds	000 202 420		21,000.00		4,496.00	25,496.00		25,398.51		97.49
Cleaning, Repair and Maintenance Services Other Objects	000-263-420 000-263-800		7,300.00		52,479.50	59,779.50		59,779.00		0.50
Total Undist. Expend Care and Upkeep of Grounds			28,300.00		56,975.50	85,275.50		85,177.51		97.99
Undist, Expend Student Transportation Serv.										
Salaries for Pupil Trans. (Between Home & School) - Special	000-270-161		5,000.00		16,595.48	21,595.48		20,725.29		870.19
Salaries for Pupil Trans. (Other than Between Home & School)	000-270-162		10,601.00		203.00	10,601.00 57,334.00		10,443.80 57,307.20		157.20 26.80
Contracted Services (Between Home and School) - Vendors Contracted Services (Other than Between Home and School) - Vendors	000-270-511		57,131 00 142,390,00		(27,640.00)	114,750.00		113,118.10		1,631.90
Contracted Services (Other than Serveer Florie and School) - Vendo Contracted Services (Special Education Students) - Joint Agreements	000-270-515		250,000.00		(10,463.00)	239,537 00		239,536.89		0.11
Contracted Services - Aid in Lieu of Payments	000-270-503		40,000.00		2,725.52	42,725.52		42,725.52		•
Transportation Supplies	000-270-615		2,500.00		(2,500.00)	3,154.00		2,645.15		508.85
Other Objects	000-270-800		12,500.00 520,122.00		(9,346.00) (30,425.00)	489,697.00		486,501.95		3,195.05
Total Undist. Expend Student Transportation Serv.			320,122.00		130,423.00)	403,031.00		400,001.50		0,700.00
UNALLOCATED BENEFITS										
Social Security Contributions	000-291-220		431,000.00		11,831.00	442,831 00		416,239.09		26,591.91
Other Retirement Contributions - PERS	000-291-241		359,808.00		53,922.92 5,750.00	413,730.92 5,750.00		412,478.04 5,527.97		1,252.88 222.03
Other Retirement Contributions - Regular Unemployment Compensation	000-291-249		60,000.00		(10,000.00)	50,000.00		30,000.00		20,000.00
Workmen's Compensation	000-291-260		212,519.00		(7,980.00)	204,539.00		204,539.00		•
Health Benefits	000-291-270		4,474,609.00	(2	275,145 00)	4,199,464.00		4,104,550.45		94,913.55
Tuition Reimbursement	000-291-280		42,300.00		5,023.00	47,323.00 68,277.00		46,748.00 39.742.50		575.00 28,534.50
Other Employee Benefits	000-291-290		18,277.00 5,598,513.00		166,598.08)	5,431,914.92		5,259,825.05		172,089.87
TOTAL UNALLOCATED BENEFITS On-behalf TPAF Pension Contributions (non-budgeted)			3,330,310.00			5,401,574.52		1,649,975.00		(1,649,975 00)
Reimbursed TPAF Social Security Contributions (non-budgeted)								1,279,110.48		(1,279,110.48)
TOTAL ON-BEHALF CONTRIBUTIONS								2,929,085.48		(2,929,085.48)
						F 434 044 00		0.488.040.53		O TEC COE E41
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS			5,598,513.00		166,598.08)	5,431,914 92		8,188,910.53		(2.756,995.61)
TOTAL UNDISTRIBUTED EXPENDITURES TOTAL GENERAL CURRENT EXPENSE			16,426,479.00 31,524,920.00		244,115.26 963,106.75	16,670,594.26 32,488,026.75		18,997,186.47 34,207,690.02		(2,326,592,21) (1,719,663,27)
CAPITAL OUTLAY										
Equipment										
Regular Programs - Instruction:										* ****
Undistributed Expenditures - General Admin.	000-230-730 000-260-730		11,062.00 55,000.00		6,635.45 (28,646.47)	17,697.45 26,353.53		10,833.45 26,353.53		6,864 00
Undistributed Expenditures - Operation of Plant Services Undistributed Expenditures - Student Transportation:	000-200-730		55,000.00		(20,040.47)	20,333.33		20,333.33		-
School Buses - Regular	000-270-733		55,000.00		26,991.00	81,991.00		81,991.00		-
School Buses - Special	000-270-734		-		49,488.00	49,488.00		49,488.00		-
Undistributed Expenditures - Business/Other Support Services	000-290-730				6,460.00	6,460.00		6,459.87		0.13
Total Equipment			121,062.00		60,927.98	181,989.98		175, 125.85		6,864.13
Facilities Acquisition and Construction Services	000-400-390				27,737.70	27,737 70		27,737.70		_
Other Purchased Professional and Technical Services Construction Services	000-400-390		248,188.00		18,454.70)	229,733.30		184,826.50		44,906.80
	000-400-800		35,192.00			35,192.00		35, 192.00		•
Total Facilities Acquisition and Construction Services			283,380.00		9,283.00	292,663.00		247,756.20		44,906.80
TOTAL CAPITAL OUTLAY			404,442.00		70,210.98	474,652.98		422,882.05		51,770.93

			Original Budget		Budget Transfers		Final Budget		Actual		Variance Final to Actual
SPECIAL SCHOOLS											
Summer School - Instruction											
Salaries of Teachers	422-100-101	S	277,067 00	\$	91,389.00	\$	368,456.00	S	300,479.09	\$	67,976.91
Other Salaries for Instruction	422-100-106		113,972.00		(5,748.91)		108,223.09		107,342.17		880.92
Purchased Professional and Technical Services	422-100-300		•		1,000.00		1,000.00				1,000.00
Other Purchased Services (400-500 series) General Supplies	422-100-500 422-100-610				16,000.00		16,000.00		12,490.49		3,509.51
Total Summer School - Instruction	422-100-010		304.020.00		41,856 00		41,856.00	-	41,855.08		0.92
Summer School - Support Services		-	391,039.00		144,496.09		535,535.09		462,166.83	-	73,368.26
Salaries	422-200-100		11,953.00		991.91		12 244 24				
Personal Services - Employee Benefits	422-200-200		11,300.00		163,769 00		12,944,91 163,769,00		12,690.91 163,769.00		
Other Purchased Services (400-500 series)	422-200-500				23,278.00		23,278.00		23,278.00		
Total Summer School - Support Services			11,953.00		188,038.91		199,991 91	~~~~	199,737.91		254.00
Total Summer School			402,992.00		332,535.00		735,527 00		661,904.74		73,622.26
TOTAL SPECIAL SCHOOLS			402,992.00		332,535.00		735,527.00		661,904.74		73,622.26
						_			001,004.74		73,022.20
TOTAL EXPENDITURES			32,332,354.00		1,365,852.73		33,698,206.73		35,292,476.81	_	(1.594,270.08)
Excess (Deficiency) of Revenues											
Over (Under) Expenditures			(296,461.00)		(487,146.73)		(783,607.73)		1,069,871 17		1,853,478 90
Other Financing Sources (Uses):											
Operating Transfer Out:											
Transfer to Food Service Fund			(47,498.00)		13,544.00		(33,954.00)		(32,857 28)		1,096 72
Total Other Financing Sources (Uses)			(47,498.00)	-	13,544.00		(33,954.00)		(32,857 28)		1,096.72
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)			(343,959.00)		(473,602.73)		(817,561.73)		1,037,013.89		1,854,575 62
Fund Balance, July 1			3,602,907.80				3,602,907 80		3,602,907.80		-
Fund Balance, June 30		<u>s</u>	3,258,948.80	<u>\$</u>	(473,602 73)	<u>\$</u>	2,785,346.07	<u>\$</u>	4,639,921.69	<u>s</u>	1,854,575 62
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses): increase in Capital Reserve Adjustment for Prior Year Encumbrances Budgeted Fund Balance		\$	(343,959.00)	\$	(329,653.73) (143,949.00)	s	(329,653 73) (487,908 00)	\$	235.81 (329.653.73) 1.366,431.81	\$ \$	235.81 1,854,339.81
Total		<u>s</u>	(343,959.00)	<u>s</u>	(473,602.73)	\$	(817,561.73)	\$	1,037,013.89	\$	1,854,575.62
Analysis of Fund Balance June 30, 2012: Restricted Fund Balance: Reserved Excess Surplus - Designated for Subsequent Year's Exper Reserve for Excess Surplus Capital Reserve Account - Regular Capital Reserve Account - Lake Drive Assigned Fund Balance: Year-end Encumbrances Designated for Subsequent Year's Expenditures Unassigned Fund Balance	nditures							s s	1,064,153,70 843,810,92 616,086,45 447,943,79 860,736,56 0,30 807,189,97		
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance: Fund Balance June 30, 2012											
Last Two Current Year State Aid Payments Not Realized on GAAP Bas	is						-		4,639,921.69 (58,678.00)		
							\$	<u> </u>	4,581,243.69		

BOARD OF EDUCATION TOWNSHIP OF MAHWAH Education Jobs Fund Program - Budget and Actual General Fund Fiscal Year Ended June 30, 2012

		Original Budget	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
REVENUES: Federal Sources: Medicaid Reimbursement American Recovery and Reinvestment Act: Education Jobs Fund Total - Federal Sources TOTAL REVENUES	- - -	31.519.00 31.519.00 31.519.00	987.00 987.00 987.00	32,506,00 32,506,00 32,506,00	32,506.00 32,506.00 32,506.00	
EXPENDITURES: Current Expense:						
SPECIAL EDUCATION - INSTRUCTION Resource Room/Resource Center: Salaries of Teachers Total Resource Room/Resource Center TOTAL SPECIAL EDUCATION - INSTRUCTION	213-100-101	31,519.00 31,519.00 31,519.00	987.00 987.00 987.00	32,506.00 32,506.00 32,506.00	32,506.00 32,506.00 32,506.00	-
Total Instruction	-	31,519.00	987.00	32,506.00	32,506.00	-
TOTAL GENERAL CURRENT EXPENSE	-	31,519.00 31,519.00	987.00 987.00	32,506.00 32,506.00	32,506.00	
TOTAL EXPENDITURES						

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES Budgetary Comparison Schedule Special Revenue Fund For the Fiscal Year Ended June 30, 2012

	Original <u>Budget</u>	Budget Transfers	Final Budget	<u>Actual</u>	Variance Final to Actual
REVENUES:					
State Sources Federal Sources Local Sources	\$ 206,162.00 257,695.00		\$ 251,958.00 304,451.88 282,390.95	\$ 248,862.81 292,563.77 265,416.61	\$ 3,095.19 11,888.11 16,974.34
Total Revenues	\$ 463,857.00	\$ 374,943.83	\$ 838,800.83	\$ 806,843.19	\$ 31,957.64
EXPENDITURES:					
Instruction Personal Services - Salaries Purchased Professional and Technical Services Other Purchased Services (400-500 series) General Supplies Textbooks Total Instruction	\$ 407,695.00 47,830.00 455,525.00	40,813.00 197,501.00 47,273.11 (41,329.00)	\$ 346,189 36 40,813.00 197,501.00 47,273.11 6,501.00 638,277.47	\$ 345.603.74 37.890.00 193.676.21 42.629.98 6.501.00 626,300.93	\$ 585 62 2.923.00 3.824.79 4.643.13
Support Services Purchased Professional and Technical Services Purchased Professional - Educational Services Other Purchased Services (400-500 series) Supplies and Materials	8,332.00 	106,171.00 5,897.00 11,565.00	76,890,36 106,171,00 5,897,00 11,565,00 200,523,36	61,091.00 103,627.92 5,455.00 10,368.34 180,542.26	15,799.36 2,543.08 442.00 1,196.66 19,981.10
Total Support Services	8,332.00	192,191.30	200,525.55	100,011-1	
Total Expenditures	463,857.00	374,943.83	838,800.83	806,843.19	31,957.64
Total Outflows	\$ 463,857.00	\$ 374,943.83	\$ 838,800.83	\$ 806,843.19	\$ 31,957.64

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES Required Supplementary Information Budgetary Comparison Schedule Note to RSI

For the Fiscal Year Ended June 30, 2012

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>Exhibit</u>		General <u>Fund</u>		Special Revenue <u>Fund</u>
Sources/inflows of resources Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule Difference - budget to GAAP: The last State aid payment is recognized as revenue for budgetary	[C-1&C-2]	\$	36,362,347.98	\$	806,843.19
purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.			(58,678.00)		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			-		(11,521.19)
Total revenues as reported on the statement of revenues, expenditure and changes in fund balances - governmental funds.	es [B-2]	<u>\$</u>	36,303,669.98	<u>\$</u>	795,322.00
Uses/outflows of resources Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule Differences - budget to GAAP Encumbrances for supplies and equipment ordered but	[C-1&C-2]		35,292,476.81	\$	806,843.19
not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		***************************************	-		(11,521.19)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$</u>	35,292,476.81	<u>\$</u>	795,322.00

OTHER SUPPLEMENTARY INFORMATION

Section D SCHOOL LEVEL SCHEDULES

Section E SPECIAL REVENUE FUND

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis For the Fiscal Year Ended June 30, 2012

			Total		State <u>Aid</u>		Federal <u>Aid</u>		Local <u>Aid</u>
REVENUES State Sources Federal Sources Local Sources		\$	248,862.81 292,563.77 265,416.61		248,862.81	\$	292,563.77	\$	265,416.61
Total Revenues		\$	806,843.19	<u>\$</u>	248,862.81	<u>\$</u>	292,563.77	<u>\$</u>	265,416.61
EXPENDITURES: Instruction: Personal Services - Salaries Purchased Professional and Technical Services Other Purchased Services (400-500 series) General Supplies Textbooks Total Instruction	100-100 100-300 100-500 100-610 100-640	\$	345,603.74 37,890.00 193,676.21 42,629.98 6,501.00 626,300.93	\$	125,314.38 17,100.00 10,000.00 1,000.00 6,501.00 159,915.38	\$	20,790.00 183,676.21 13,251.93 - 217,718.14	\$	220,289.36 - - 28,378.05 - - 248,667.41
Support Services: Purchased Professional and Technical Services Purchased Professional - Educational Services Other Purchased Services (400-500 series) Supplies and Materials Total Support Services	200-300 200-320 200-500 200-600		61,091.00 103,627.92 5,455.00 10,368.34 180,542.26		9,286.00 79,661.43 - - 88,947.43		50,055.00 8,967.29 5,455.00 10,368.34 74,845.63		1,750.00 14,999.20 - - 16,749.20
Total Expenditures		<u>\$</u>	806,843.19	<u>\$</u>	248,862.81	\$	292,563.77	\$	265,416.61

Special Revenue Fund
Combining Schedule of State Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 39, 2012 BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES

				N.J.		N.J.		N.J.		
			ž,	Nonpublic	Ż	Nonpublic	ž	Nonpublic		Health
		Total	_	lextbook	E O	Handicapped Services	Z Ø	Nursing Services		Services Grant
KEVENUES State Sources		\$ 248,862.81	69	6,501.00	•	\$ 79,661.43	89	9.286.00		\$ 153,414.38
Total State Revenues		\$ 248,862.81	<u>م</u>	6,501.00	₩	79,661.43	s	9,286.00		\$ 153,414.38
EXPENDITURES:										
Instruction: Personal Services - Salaries	100,100	\$ 126 314 38							•	406 244 20
Purchased Professional and Technical Services	100-300	17,100.00	,	ŧ	•		•	ŧ	4	17 100 00
Other Purchased Services (400-500 series)	100-500	10,000.00								10 000 00
General Supplies	100-610	1,000.00								1 000 00
Textbooks	100-640	6,501.00		6,501.00						,
Total Instruction		159,915.38		6,501.00						153,414.38
Support Services:										
Purchased Professional and Technical Services	200-300	9,286.00						9,286.00		
Purchased Professional - Educational Services	200-320	79,661.43				79,661.43				
Total Support Services		88,947,43		,		79,661 43		9,286.00	-	alas salaka dalah
Total Expenditures		\$ 248,862.81		\$ 6,501.00	s	\$ 79,661.43		\$ 9,286.00		\$ 153,414.38

BOARD OF EDUCATION
BOROUGH OF MOUNTAIN LAKES
Special Revenue Fund
Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

ARRA I.D.E.A. Part B	Basic Preschool	445.86 \$ 4,244.02	445.86 \$ 4,244.02	\$ 445.86 4.244.02 445.86 4.244.02		445.86 \$ 4,244.02
	Basic Preschool	\$ 251,171.21 \$ 5,840.96 \$	\$ 251,171.21 \$ 5,840.96 \$	\$ 17,440.00 \$ 2,675.00 \$ 183,676.21 3,062.05 201,116.21 5,737.05	50,055.00	\$ 25117121 \$ 5.840.96 \$
i i	Total Title 11	292,563.77 \$ 30,861.72 \$ 3	292,563.77 \$ 30,861.72 \$	20,790 00 \$ 675.00 \$ 183,676.21 13,251.93 217,718.14 6,175.00	50,055.00 8,967.29 5,455.00 10,368.34 74,845.63 24,686.72	CT 130 00 4 11 001 001
		us l	ωl	100-300 \$ 100-500 100-610 -	200-300 200-320 200-500 200-600	
		REVENUES Federal Sources	Total Federal Revenues	EXPENDITURES: Instruction: Purchased Professional and Technical Services Other Purchased Services (400-500 senes) General Supplies Total Instruction	Support Services: Purchased Professional and Technical Services Purchased Professional - Educational Services Other Purchased Services (400-500 series) Supplies and Materials Total Support Services	

Special Revenue Fund

Combining Schedule of Local Program Revenues and Expenditures - Budgetary Basis For the Fiscal Year Ended June 30, 2012

		<u>Total</u>	Lake Drive Education Foundation	Mt. Lakes Education Foundation	<u>Miscellaneous</u>
REVENUES		\$ 265,416.61	\$ 260,360.56	\$ 3,306.05	s 1,750.00
Local Sources		3 200,410.01	<u>\$ 200,000.00</u>		<u> </u>
Total Local Revenues		\$ 265,416.61	\$ 260,360.56	\$ 3,306.05	s 1,750.00
EXPENDITURES:					
Instruction:	100-100	\$ 220,289.36	\$ 220,289.36	s -	s -
Personal Services - Salaries	100-100	28,378.05	25,072.00	3,306.05	
General Supplies	.00 0.0	248,667,41	245,361.36	3,306.05	-
Total Instruction					
Support Services:	200 200	1,750.00			1,750.00
Purchased Professional and Technical Services	200-300 200-320	14,999.20	14,999.20		
Purchased Professional - Educational Services	200-020	16,749.20	14,999.20	-	1,750.00
Total Support Services		.0,740.20			
Total Expenditures		\$ 265,416.61	\$ 260,360.56	\$ 3,306.05	\$ 1,750.00

Section F CAPITAL PROJECTS FUND

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES Capital Projects Fund Summary Schedule of Project Expenditures For the Year Ended June 30, 2012

			Revised		GAAP Expenditures to Date				Unexpended	
Project Title/issue	Approval <u>Date</u>	A	Budgetary ppropriations		Prior Years		Current Year		propriations ine 30, 2012	
H.S. Roof - Phase B	8/20/09	\$	465,579.97	\$	447,671,76	\$	-	\$	17 908.21	
H.S. Roof - Phase C	8/20/09		478,293.06		460,589.66			-	17,703,40	
Wildwood Elementary School Roof	8/20/09		348,993.28		325,985.95				23,007,33	
H.S. Roof - Phase A	5/12/11		724,864.00	-	27,232.67		449,957.33		247,674,00	
Totals		\$	2,017,730.31	\$	1,261,480.04	\$	449,957.33	<u>\$</u>	306,292.94	

Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis For the Year Ended June 30, 2012

REVENUES AND OTHER FINANCING SOURCES State Sources - SDA Grant Bond Proceeds Contribution from private sources	\$ - -
Transfer from capital reserve	•
Transfer from capital outlay	-
Total Revenues	-
EXPENDITURES AND OTHER FINANCING USES	
Equipment (73X)	-
Salaries (100)	-
Legal Services (331) Other Purchased Professional and Taphaisel Services (333)	-
Other Purchased Professional and Technical Services (390) Construction Services (450)	897.33
General Supplies (610)	449,060.00
Land and Improvements (710)	-
Lease Purchase Agreements - Principal (721)	_
Buildings other than Lease Purchase Agreements - Principal (722) Other Objects (800)	-
Total Expenditures	449,957.33
	449,937.33
Excess (deficiency) of revenues over (under) expenditures	(449,957.33)
Fund Balance - July 1	756,250.27
Fund Balance - June 30	0.000.000.00
The state of the s	\$ 306,292.94

Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis H.S. Roof - Phase B

From Inception and for the Year Ended June 30, 2012

REVENUES AND OTHER FINANCING SOURCES	Prior Periods	Current Year	<u>Totals</u>	Revised Authorized <u>Cost</u>
State Sources - SDA Grant Bond Proceeds Contribution from private sources	\$ 186,225.99	\$ -	\$ 186,225.99 -	\$ 186,225.99
Transfer from capital reserve Transfer from capital outlay Total Revenues	225,000.00 54,353.98 465,579.97	•	225,000.00 54,353.98	225,000.00 54,353.98
EXPENDITURES AND OTHER FINANCING USES Equipment (73X) Salaries (100) Legal Services (331) Other Purchased Professional and Technical Services (390) Construction Services (450) General Supplies (610) Land and Improvements (710) Lease Purchase Agreements - Principal (721) Buildings other than Lease Purchase Agreements - Principal (722) Other Objects (800)	10.740.82 436,930.94		10,740.82 436,930.94	21,333.33 444,246.64
Total Expenditures	447,671.76	4	447,671.76	465,579.97
Excess (deficiency) of revenues over (under) expenditures	17,908.21	~	17,908.21	
ADDITIONAL PROJECT INCORRECTION				

ADDITIONAL PROJECT INFORMATION

Project Number		
	SP34	160-050-09-1002
Grant Date		
Bond Authorization Date		8/20/09
Bonds Authorized		N/A
Bonds Issued		N/A
Original Authorized Cost		N/A
Additional Authorized Cost	\$	465,589.97
Revised Authorized Cost	\$	(10.00)
Novised Additionized Cost	\$	465,579.97
Percentage Increase over Original Authorized Cost		0.00%
Percentage Completed		96.15%
Original Target Completion Date		9/1/09
Revised Target Completion Date		
		9/1/09

Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis H.S. Roof - Phase C From Inception and for the Year Ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES State Sources - SDA Grant Bond Proceeds Contribution from private sources	\$ 191,311.22	\$ -	\$ 191,311.22	\$ 191,311.22
Transfer from capital reserve Transfer from capital outlay Total Revenues	286.981.84 478,293.06		286,981.84 478,293.06	286,981.84 478,293.06
EXPENDITURES AND OTHER FINANCING USES Equipment (73X) Salaries (100) Legal Services (331) Other Purchased Professional and Technical Services (390) Construction Services (450) General Supplies (610) Land and Improvements (710) Lease Purchase Agreements - Principal (721) Buildings other than Lease Purchase Agreements - Principal (722) Other Objects (800)	6,318.60 454,271.06		- 6,318.60 454,271.06 - - -	21,333.33 456,959.73
Total Expenditures	460,589.66	+	460,589.66	478,293.06
Excess (deficiency) of revenues over (under) expenditures	17,703.40	-	17,703.40	-
ADDITIONAL PROJECT INFORMATION Project Number SP Grant Date	3460-050-09-1003	3		

Project Number	SP34	160-050-09-1003
Grant Date	0. 0	8/20/09
Bond Authorization Date		N/A
Bonds Authorized		N/A
Bonds Issued		N/A
Original Authorized Cost	\$	478,303.06
Additional Authorized Cost	\$	(10.00)
Revised Authorized Cost	\$	478,293.06
Percentage Increase over Original Authorized Cost		0.00%
Percentage Completed		96.30%
Original Target Completion Date		9/1/09
Revised Target Completion Date		9/1/09

Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis Wildwood Elementary School Roof From Inception and for the Year Ended June 30, 2012

DEVENUES AND OTHER THREE	Prior Periods	Current Year	<u>Totals</u>	Revised Authorized <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES State Sources - SDA Grant Bond Proceeds Contribution from private sources Transfer from capital reserve	\$ 139,591.31	\$ -	\$ 139,591.31 -	\$ 139,591.31
Transfer from capital outlay Total Revenues	209,401.97 348,993.28	-	209,401.97 348,993.28	209,401.97 348,993.28
EXPENDITURES AND OTHER FINANCING USES Equipment (73X) Salaries (100) Legal Services (331) Other Purchased Professional and Technical Services (390) Construction Services (450) General Supplies (610) Land and Improvements (710) Lease Purchase Agreements - Principal (721) Buildings other than Lease Purchase Agreements - Principal (722) Other Objects (800)	5.686.00 320,299.95		5,686.00 320,299.95 - - -	21,333.33 327.659.95
Total Expenditures	325,985.95	-	325,985.95	348,993.28
Excess (deficiency) of revenues over (under) expenditures	23,007.33		23,007.33	**
ADDITIONAL PROJECT INFORMATION Project Number	3460 000 00 4004		•	

ADDITIONAL PROJECT INFORMATION		
Project Number		
Grant Date	SP34	160-080-09-1004
Bond Authorization Date		8/20/09
Bonds Authorized		N/A
Bonds Issued		N/A
Original Authorized Cost		N/A
Additional Authorized Cost	\$	349,003.28
Revised Authorized Cost	\$	(10.00)
Nevised Authorized Cost	\$	348,993.28
Percentage Increase over Original Authorized Cost Percentage Completed Original Target Completion Date Revised Target Completion Date		0.00% 93.41% 9/1/09 9/1/09

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis H.S. Roof - Phase A From Inception and for the Year Ended June 30, 2012

	į	Prior Periods	!	Current Year	<u>Totals</u>	,	Revised Authorized <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES State Sources - SDA Grant Bond Proceeds	\$	289,946.00	\$	-	\$ 289,946.00	\$	289,946.00
Contribution from private sources					-		
Transfer from capital reserve		430,918.00			430.918.00		430,918.00
Transfer from capital outlay		4,000.00			4,000.00		4,000.00
Total Revenues		724,864.00		~	 724,864.00		724,864.00
EXPENDITURES AND OTHER FINANCING USES Equipment (73X) Salaries (100) Legal Services (331)							
Other Purchased Professional and Technical Services (390) Construction Services (450)		27,232.67		897.33	28,130.00		28,130.00
General Supplies (610)				449,060.00	449,060.00		696,734.00
Land and Improvements (710)					-		
Lease Purchase Agreements - Principal (721)					-		
Buildings other than Lease Purchase Agreements - Principal (722) Other Objects (800)		-		-	-		-
Total Expenditures		27,232.67		449,957.33	 477,190.00		724,864.00
Excess (deficiency) of revenues over (under) expenditures		697,631.33		(449,957.33)	 247,674.00		-
ADDITIONAL PROJECT INFORMATION							
	SP34	60-050-09-100	11				
Grant Date		5/12/11					
Bond Authorization Date Bonds Authorized		N/A					
Bonds Issued		N/A					
Original Authorized Cost	æ	N/A					
Additional Authorized Cost	\$ \$	724,864.00					
Revised Authorized Cost	\$	724,864.00					
Percentage Increase over Original Authorized Cost		0.00%					
Percentage Completed		65.83%					
Original Target Completion Date		9/1/11					
Revised Target Completion Date		9/1/11					

Section G PROPRIETARY FUNDS

ENTERPRISE FUND

INTERNAL SERVICE FUND

Section H FIDUCIARY FUND

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES Student Activity Agency Fund Schedule of Receipts and Disbursements For the Fiscal Year Ended June 30, 2012

<u>Schools</u>	Balance	Cash	Cash	Balance
	<u>June 30, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	June 30, 2012
Briarcliff	\$ 50,052.03	\$ 106,431.43	\$ 112,045.34	\$ 44,438.12
Lake Drive	7,828.90	18,659.50	15,957.36	10,531.04
Wildwood	29,646.67	36,744.26	42,956.71	23,434.22
High School	264,929.56	719,828.50	733,331.32	251,426.74
	\$ 352,457.16	\$ 881,663.69	\$ 904,290.73	\$ 329,830.12

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES Payroll Agency Fund Schedule of Receipts and Disbursements For the Fiscal Year Ended June 30, 2012

	Balance June 30, 2011	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, 2012
Payroll Deductions and Withholdings Net Salaries and Wages IRS Section 125 Plan Summer Savings Plan	\$ 1,640.69 - 16,935.69 	\$ 10,914,924.22 13,180,513.05 15,914.00 208,083.63		\$ 158,052.87
	\$ 161,761.29	\$ 24,319,434.90	\$ 24,186,150.85	\$ 295,045.34

Section I LONG – TERM DEBT

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES Long - Term Debt Schedule of Serial Bonds For the Fiscal Year Ended June 30, 2012

Annual Maturities
of Bonds Outstanding

	_		of Bonds	Outstanding 30, 2012				Issued	Refunded	Retired		
Purpose	Date of Issue	Amount of issue	Date	Amount	Interest Rate	Balance June 30, 2011		Current <u>Year</u>	Current Year	Current Year	Balance ne 30, 2012	
High School	11/15/2003	\$ 10,920,000.0	9/15/12-13	\$ 400,000.00	3 750%	\$ 8.595.000.00	\$	•	\$ 7 420,000 00	\$ 375.000 00	\$ 800.000.00	
Refunding	9/14/2005	5.825.000.00		325,000.00		4.890,000 00)			310,000 00	4.580,000.00	
			01/15/14	340,000.00								
			01/15/15	355,000.00	5 000%							
			01/15/16	380,000 00	5.000%							
			01/15/17	400.000.00	3.600%							
			01/15/18	415,000.00	3.700%							
			01/15/19	430,000.00	4 000%							
			01/15/20	450,000.00	4.000%							
			01/15/21	475,000.00	4.000%							
			01/15/22	495,000 00	4 000%							
			01/15/23	515,000 00	4 000%							
Refunding	3/19/2012	7.600,000.00		50,000.00	2 000%			7.600,000.00			7.600.000 00	
			09/15/14	470,000.00	2.000%							
			09/15/15	465,000.00	3 000%							
			09/15/16	490,000.00	3 000%							
			09/15/17	485,000.00	3 000%							
			09/15/18	510,000.00	4.000%							
			09/15/19	505,000.00	2.000%							
			09/15/20	520,000 00	2 000%							
			09/15/21	510,000.00	2 125%							
			09/15/22	505,000 00	4 000%							
			09/15/23	500,000.00	2 250%							
			09/15/24	510,000 00	2 375%							
			09/15/25	500,000.00	2.500%							
			09/15/26	515,000 00	3 000%							
			09/15/27	505,000.00	3 000%							
			09/15/28	510,000.00	2.750%							
						_		_				

<u>\$ 13.485,000.00</u> <u>\$ 7,600,000.00</u> <u>\$ 7,420,000.00</u> <u>\$ 685,000.00</u> <u>\$ 12.980,000.00</u>

BOARD OF EDUCATION
BOROUGH OF MOUNTAIN LAKES
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budoet	Action	Variance Final to
REVENUES: Local Sources:			And the second s		
Local Tax Levy	\$ 1,136,137,00	•Я	\$ 113613700	\$ 1136137.00	¥
Total - Local Sources	1,136,137.00				
State Sources:	AND THE PROPERTY OF THE PROPER			00.00	
Debt Service Aid Type II	107,106,00		107 106 00	107 106 00	
Total - State Sources	107,106.00		107,106.00	107,106.00	ı
Total Revenues	1,243,243.00		1,243,243.00	1,243,243.00	
EXPENDITURES:					
Regular Debt Service:					
Interest Redemotion of Princinal	558,243.00		558,243.00	558,242.51	0.49
Total Regular Debt Service	1,243,243.00		1,243,243.00	685,000.00	0.49
Total Expenditures	1,243,243.00		1,243,243.00	1,243,242.51	0.49
Excess (Deficiency) of Revenues Over (Under) Expenditures	•		,	0.49	0.49
Fund Balance, July 1	0.70	*	0.70	0.70	The state of the s
Fund Balance, June 30	\$ 0.70		\$ 0.70	\$ 1.19	\$ 0.49
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures: Budgeted Fund Balance	У	٠,	·	\$ 0.49	\$ 0.49

STATISTICAL SECTION (UNAUDITED)

GASB requires that ten years of statistical data be presented. Pursuant to State of New Jersey Department of Education requirements issued for the fiscal year ended June 30, 1994, only two years statistical data needed to be presented. Additional year's data will be included each year thereafter until ten years of data is presented.

Net Assets by Component Last Ten Fiscal Years (accrual basis of accounting) Unsudited

	2013	304.5			Fiscal Year Er	Fiscal Year Ending June 30,					
	2102	1102	2010	5009	2008	2007		2006	2005	SONA	0000
Governmental activities									Contract of the Contract of th	TOTAL STREET,	5003
invested in capital assets, net of related debt Restricted	\$ 11,400,191.20	49	\$ 11,249,230.59	\$ 10,200,043.41	\$ 9,978,016,66	\$ 9672 135 64	¥	20 617 671 7	***************************************		
Unrestricted	237,672.89	3,016,362,99	1,355,938.80	1,746,200,14	1,166,943.04	514,013.70	•	3,525,033.02	13, 199, 966, 28	(7,036,707,08) 16,073,252,52	\$ 1,244,617.65 775,230.54
lotal governmental activities net assets	\$ 15,622,075.81	\$ 14	\$ 13,169,981.12	\$ 12,171,498.97	\$ 11,326,044.93	\$ 10,776,836.69	\$	11.215.570.18	314,839.14	668,643.51	1,338,576.90
Business-type activities										2, 100, 100, 30	9 3,336,423.09
Invested in capital assets, net of related debt Restricted	\$ 14,273.72	\$ 16,459.33	\$ 12,254.36	\$ 13,948.39	\$ 15,642.42	\$ 5,960.16	ь	6 753 75	7 547 34		
Unrestricted	94 973 75	78 013 44	60000	į					, .	40.0	4,939.45
Total business-type activities net assets	\$ 109,247.47	59	\$ 75 726 40	50.831 15	41,937.24	23,074.80		15,475.25	13,773,57		,
District-wide			0.037.67	90.57.1.45 9	\$ 57.579 66	\$ 29,034.96	S	22,229.00	\$ 21,320.91	\$ 445.51	\$ 4,939.45
Invested in capital assets, net of related debt Restricted	\$ 11,414,464.92	3.016.362.99	\$ 11,261,484,95	\$ 10,213,991.80	80 6593 659 08	\$ 9,678,095.80	•	7,150,165.81	\$ (2,742,903,57)	\$ (7 036 261 57)	\$ 1249.40
Unrestricted Total district net assets	332,646.64		628,283.77	276,086.57	1,166,943.04	514,013.70 613,762.15		3,525,033.02	13,199,966,28	16,073,252 52	775.230 54
Source: District records		:	3 13,245,707.52	\$ 12.236,278.51	\$ 11,383,624.59	\$ 10,805,871.65	S	11,237,799.18	\$ 10,785,675.42	\$ 9.705,634 46	1,338,5/6,90 \$ 3,363,364,54

BOARD OF EDUCATION
BOROUGH OF MOUNTAIN LAKES
Changes in Net Assets
Lest Ten Fiscal Years
(accural bass of accounty)
Unaudited
Unaudited

	0.100				Fiscal Year Ending June 30	June 30				
	7107	1107	2010	5008	2008	2007	2006	2002	2004	2003
Expenses										
Governmental activities										
Instruction										
Recutar	00 307 307 67									
Soecial education	6, 100, 400, 33	26 300 300 35	\$ 12.260.715.52	\$ 11,854,426.73	\$ 11.839.848.93	\$ 11,458 118 30	\$ 10.313.992.59	\$ 10.291.518 13	\$ 9.324.946.21	S 8 962 4763 31
Other instruction	0.003,001,23	8.740.015.38	9,155,900,58	8.684.669 44	9.272 111 69	8,999,374,82	8.048.700.49	6.997 555 18	7 960 634 86	00 000 012 9
Support Services	1,276,730.58	1.185.135.42	1,233,700,09	1,206,524.81	1,229,829 13	1,156,551,18	1,034,253,01	981 663 58	770 342 64	601 000 70
Cupyout Cut woda								DO 2000 - 200	110,300,00	031,3596 76
Luthon	927.878 48	858 082 92	H21 756 51	711 939 60	0000	0000				
Student and instruction related services	5 67A 75E 77	03 74 60	100000000000000000000000000000000000000	00 000 00	036.364 40	364.b20.33	484 381 27	522.566 42	473,415.21	408 003 92
School administrative secures	10 11 1 10 0	3.408.374.38	5,554,314.20	5,524,238,98	5,789,378 73	5,138,132,85	5,053,983 57	4.505.359.62	3 450 466 86	3 684 423 43
CONTROL DANGER OF THE CONTROL OF THE	2.076,541.37	2,152,368,95	2,068,951,25	1,988,386,93	2 075 024 19	2 496 688 99	2 138 114 40	00 640 360 1	* 400 004 34	Ch : 75 War
General and business administrative services	948,756,33	1.033.641.17	921 807 17	23 001 2001	1 103 404 04	5 100 000 T	£. 110.114 43	1.305,013,78	1,403,681 /1	1,304,350,35
Plant operations and maintenance	3 680 914 06	3 705 077 40	00 000 000 0	00 000	1.107.435 (5	1,236,332,16	1,191,062,33	1,103,405,80	1,321,975.41	1.054.492.70
Provi transportation	0.000,317,30	3.705,077 40	3,732,456,20	3.897.884 86	3,564,260,99	3,348,148.96	2,997,041,00	2.878.258.07	C3 16E 697 C	0.467 064 81
	371.346.56	507,697,67	480,469 33	433.255.87	495 R58 90	501 850 67	20 4 30 004	E 010 300	# 100 mar.	10 100 101 7
Special Schools	819,710 12	679.642 79	753 780 23	21.9 5.34 76	20000000	10 000 000	CE NCELES	330,073.47	3.50.484 35	380,436,37
Interest on long-term debt	515 467 16	20 000 000	2001001	0.000	415.505.53	3/8.2/3.2/	325,207 60	330,660,66	263,993 06	326 645 22
Total governmental activities expenses	01 000 010	373.030.30	397.97376	620.599.86	638 964 49	673,022 43	654,545,24	750 301 75	603 454 19	361 33 60
	27.17.120.08	30.033.834 16	37.581.824.84	36,671,537,30	37,386,802 03	36.012.173.95	12 702 936 54	B1 COS COS OR	20 309 676 96	*** **** ****
Designation of the second seco									CO 020 216 02	20,231,000,04
Dustingss-type acityties										
Food service	624 195 68	507,046 09	511100111	676 348 12	A 300 000 3	a section of o				
Lotal business-type activities expense	624 195 68	507 046 09	541 100 11	20.00	E) 000 040	530 627 44	521.215.06	504 429 92	415,770,29	375.739.18
Total district-wide expenses	27 705 307 75	37 400 890 26	11 000 116	2/6/311/	549.265.04	530.827.44	521.215.66	504,429,92	415.770.29	375 749 18
	71.000	67,000,000	38 032 324 33	37,247,828,47	37,936,067,07	36,543,001.39	33,224,152.20	31 197 032 10	28 788 597 14	26 667 628 02
Program Revenues									-	
Governmental activities										
Charges for services										
Special Schools	00 000 099	ON 201 103	0.000 0.000							
Interest on long-term deta	O 305 500	241,700 (A)	599,614.00	568.320 00	486,330,00	421.244 00	415.070.00	330,880,88	363 489 00	36.4 206.00
Operating grants and county acces	91 (95) 200 7	467,184,36	473,023,76	495.185.86	514,433,47	548,299.43	530,977.24	626.813.75	480 156 19	200
Total consenuestal activities recommended	4.607.038.48	3 629, 195, 52	4.127.667.29	3.879.724.83	4 965 814 35	4.964.124.79	3 750 303 45	3 557 254 68	2 300 000 64	
ביים אינים מיים מיים מיים מיים מיים מיים מיים	5,6/6,861 64	4,638,126 48	5,200,305,05	4.943.230.69	5 966 577 82	6 933 668 33	4 606 360 60	00 177 170	A JOS OR S	3.00 M3 /U
					10000	23.000.000	69 DCC 059 P	4.514.919.21	4 225,638 93	3,607,648.70

Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	2012	2011	2010	2009	Fiscal Year Ending June 30. 2008 200	ding June 30. 2007	2006	2005	2004	2003
Business type activities Charges for services Food service	\$ 584,493.17	\$ 479,216.16	\$ 468,961.37	\$ 524,841.04	\$ 514.869.55	\$ 475.376.12	463 439 50	441 600 00	66 330 386 3	# 500 P
Operating grants and contributions Total business-type activities program revenues	21,619.93	9,114 20	9.872.76	10,452.40	11 507 96	8,522.03	8,843.03	9,799.81		4 304.838.53
Total district-wide program revenues	5,787,423.15	5,126,456.84	5,679,139.18	5.478.524.13	526,397 51 6 492 975 33	6 417 566 37	472.282.53 5.168.633.22	451,490.79	386,056.23	364.839.53
Net (Expense)/Revenue							11.000.001.0	O COLLEGE	01.050,110,4	3,972,466.73
Governmental activities Businese area activities	(31,494,266,40)	(32,255,707.68)	(32,381,519.79)	(31,728,306.61)	(31,420,224,21)	(30,078,505.73)	(28,006,585.85)	(26,177,682,97)	(24 147 187 92)	(22 684 240 14)
Total district-wide net expense	(31,512,348,98)	(32.274.423.41)	(32.413.785.77)	(31 769 304 34)	(22.867.53)	(46.929.29)	(48,933 13)	(52.939.13)	(29.714.06)	(10.899 65)
General Revenues and Other Changes in Net Assets Governmental activities: Taxos:							les a circolina	(0) 770 (0) (0)	DE 106'0/1'47	(6) 861 (260.22)
Property taxes, levied for general purposes	18 254 489 00	18 254 489 00	00 030 000 51	3 7 7 6 2 7 7						
Property taxes, levied for debt service principal	727,775.84	683,914.04	643.400.24	637 998 14	604 150 53	16,059,217.00	15.221.775.00	14,492,907.00	13,741,065,00	12,462,867.00
Federal and State aid not restricted	45,483.00	16,853.46	124,787.30	141,810.06	134,156.95	109,092,96	17.130.65	104 453 10	171.3888 61 56.406.03	437.652.08
Torror (ourse man special schools) (investment earmore	13,443,912.25	14,420,285.00	14,148,267.50	14,165,144,06	14,310,557.08	12,477,474.41	12,605,116.81	11,799,105 09	11 414 170.47	10 123 119 34
Miscellaneous income	06.007	94.0	0.58	1,058.02	14,407,30	60,637 32	203,541,18	157,167,74	93.108.04	11,174,85
Debt Service Assessment	(35,192,00)	280 016 00	218.403.91	171,781.40	170,034.84	160,477.23	198.244.34	114,891 19	118,506.99	269,179,67
Proceeds of long-term debt (Refunding Bonds)	(180,000.00)		*/ 010,104			(40.00)	69,280.00	(136,157.31)	5.079,332,00	87,830,00
Education Foundation Contribution Transfers	100 130 000	6					(monociona)	106,000.00		
Total governmental activities	192 123 124 42	32 304 744 25	(58,726,33)	(48.189.03)	(50.975.25)	(53.735.25)	(49.841 22)	(69,814 53)	(29,220 12)	(10 405 71)
	24,426,114,26	33,784,744,33	33,380,001 94	32,573,760.65	31,969,432.45	29,369,772.24	28,727,801 52	27,236,848 53	30,645,357,01	23,423,980.26
Business-type activities: Miscellaneous income				o o						
Transfers	32.857 28	37,462 10	43,212.84	48 189 03	436.98	AG 773 FA	40 041 33	0 00		;
Total district and accounting	32,857.28	37,462.10	43,212.84	48,197,61	51 412.23	53.735.25	49 841 22	69 814 53	50 250 13	10,405.71
ka kishki wide gehera fevenijes	32,450,181,70	33,822,206.45	33,423,214.78	32,621,958.26	32.020,844.68	29,423,507.49	28,777,642.74	27,306,663.06	30,674,577 13	23 434 385 97
Change in Net Assets Governmental activities Business-troe activities	923.058.02	1,529,036.67	998,482.15	845,454.04	549,208.24	(708,733 49)	721.215 67	1 059 165 56	6 498 169 09	739 740 13
Total district-wide change in net assets	\$ 937.832.72	\$ 1.547.783.04	10,946.86	7,199.88	28,544.70	6,805.96	60 806	16.875.40	(493.94)	(493.94)
				605,000.35	40701/1/C e	(101.927.53)	\$ 722,123.76	\$ 1,076,040.96	\$ 6,497,675.15	\$ 739,24618
Source: District records										

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES

Fund Balances - Governmental Funds, Last Ten Fiscal Years (modified accrual bass of accounting) Unaudited

,	\$ 2.971.994.86 860.736.86 748.511.97 \$ 4.581.243.69	9	2011		2010	5002	,	2008		2002	3000		2005	Andrew or other Designation of the last of	000	The state of the s	500
eq eq	2,971,994.86 860,736.86 748,511.97 4,581,243.69	69						-			2002	the particular constitution		We candidated and or other	2007	FOOZ	3
•	2.971.994.86 860.736.86 748,511.97	69															
	860,736.86 748,511.97 4,581,243.69		2,127,948,13	5 9	,	49		s	S		⊌ 1			64		y	
• •	748,511.97		673,612.73						•		•		•	,		•	
	4,581,243.69		801,346.94														
• •	4,581,243.69				.503,493.50	1,924,7	.924,717.43	1,357,038.97	26	690,326,84	2.055.106.97	06.97	2.480.004.84		2 277 605 26	02	709 646 33
•	1,581,243.69				973,084.04	696.1	696, 109, 74	740,237.17		1,150,616,30	1,043,563,70	63.70	802,894 53		121421951	187	1870 641 90
		\$	3.602,907.80	\$ 2	2,476,577,54	\$ 2,620,827.17	327.17	\$ 2,097,276,14	45	1,840,943.14	\$ 3,098,670,67	79 67	\$ 3,282,899.37	*	3,491,824,77	\$ 2,58	2,580,288,21
All Other Governmental Funds Restricted reported in:																	
Capital projects fund Debt service fund	306,292.94	6 4	283,452.94	69		9			₩.		ss.	,	, •	∽		s	
Assigned, reported in:																	
Capital projects fund			472,797,33														
Heserved	1,477.82		1,477,82		1,477,82	1.4	1,477,82	1 477 82	æ	35,000,00	1 559 481 44	81.44	0 879 213 53		92 120 726 1		
Unreserved, reported in:						•			ţ	2000	1,500	2	50.013,610,6		1,674.071.36		
Special revenue fund								(3 580 50)	ŝ	(3 582 00)	60	(3.309.94)	(3 607 45)	_	(3 690 65)	•	01 101 97
Capital projects fund					58,648.94	35.6	35,639,78	35 639 78	. 86	28 584 58	131.7	131 718 84	1 100 874 41		(C0.000.C)	- 1	20 101 107
Debt service fund	1.19		0.70		0.72		0.50	2.	1.28	131	21.5	21.902.84			20 100 inc.	•	90.08
remanent jund	(745.99)		(646.35)		(446.81)	(3)	(347.39)	(251 44)	3	1.402.07	4	147365	1 4.39 43		1,612,13		(See 5)
lotal dir omer governmental funds	307,025.96	s	757,082,44	چ	59,680,67	\$ 36.7	36,770.71	\$ 33,286,94	z s	61 405 96	\$ 1,711,266.83	66.83	\$ 10 987 019 92		14 220 Q40 38	3	55 584 23

\$ 2,645,872,44

\$ 4,809,937.50 \$ 14,269,919.29 \$ 17,712,765.15

\$ 2,130,563.08 \$ 1,902,349.10

\$ 2,657,597.88

\$ 2,536,258.21

4,359,990.24

\$ 4,888,269.65 \$

Source: District records Total Fund Balances

Changes in Fund Balances - Governmental Funds, Last Tan Fiscal Years (modified accrual basis of accounting) Unaudied

					Fiscal Year Ending June 30.	ing June 30.				
	2012	2011	2010	5008	2006	2007	5006	2005	2004	2003
Revenues										
Tax levy	\$ 19,390,626.00	\$ 19.405,568.00	\$ 18,938,774.00	\$ 18,637,342.00	\$ 17,905,685.00	\$ 17,164,165,00	\$ 16,355.307.00	\$ 15,788,017.00	\$ 14,393,210.00	\$ 13,128,842.00
Tuition charges	14,104,814.25		14,747,881.50	14,733,464.06	14, 796, 887, 08	12,898,718.41	13,020,186.81	12,129,985.97	11,777,650.47	10,477,824 34
interest earnings	786.40	0.46	0.58	1.058.02	14,407,30	60,637 32	203,541,18	157,167 74	93,108.04	11,174.85
Miscellaneous	458,333.82	381.582.52	411,999,59	272,993.50	232,789,19	290,821 14	198,244.34	114,891,19	118,506.99	327,032.48
State sources	4,074,484.10	3,017,203,71	3,653,038.20	3,643,007.83	4,771,208.80	4,665,948.86	3,512,118.97	3,345,074,30	3,074,224.41	2,787,428.05
Federal sources	313,190,77	404,011,24	405,820.71	277,314 96	266.008 15	276.924.98	255,315.13	316,603.38	364.184.15	221.902.95
Total revenues	38,342,235,34	38,170,416.93	38,157,514,58	37,565,180,37	37,986,985,52	35,357,215,71	33,544,713.43	31,851,739,58	29,820,884 06	26,964,204.67
Expenditures										
Instruction										
Regular Instruction	8,643,395.85	8.706,597 12	8.928,799.73	8,723,834 98	8,438,795.35	8,198,521.89	7,775,610.81	7,860,018.76	7,154,818.96	7,054,281,37
Special education instruction	6,234,594.65	6,461,309.99	6,803,793.08	6,462,483.41	6,700,318.39	6,496,338,97	6,155,581 10	5,420,599.33	5,443,599.38	4,893,409.91
Other instruction	965,971,79	902,242.63	937,209.62	913,971,66	916,422.91	859,707.27	808,599.32	778,893.22	746,764.32	667,458.91
Support Services:										
Tuition	927,878 48	858,082.92	821,756.51	711,828.50	898,584.40	563,620 33	464,381.27	522,566.42	473,415,21	408,003.92
Student and instruction related services	4,276,579.41	4,261,421,05	4,312.553.18	4,323,330.62	4,418,492,68	3,918,500.53	3,988,413.22	3,671,272,37	3,317,561.29	3,088,281,66
School administrative services	1,507,724,79	1,577,859.37	1,520,617,61	1,497,132.96	1,482,589 23	1,786,763.18	1,689,664 16	1,518,873.73	1,196,113.19	1,159,255,96
General and business administrative services	748.881.68	815,379 64	718,177.25	825,566.65	954 212.37	1,060,597,22	1,005,536.68	934,457,84	1,199,713,50	936,326.18
Plant operations and maintenance	3,032,672,89	3,087,796.55	3,135,360,23	3,319,895,73	2,963,878.11	2,740,945.02	2,513,172.42	2,451,885,70	2,183,508 91	2,245,815,08
Pupil transportation	486,501.95	502,743.49	475,511.26	428,969.04	490 767 05	496.661.46	476,710.29	392,580,00	330,484 95	300,496.37
Employee benefits	8, 188, 910.53	7,577,037.47	7,852,350.57	7,446,079.87	8, 181, 622, 32	7,905,217,17	6,303,779.79	5,675,917.37	5,064,097.87	4,372,819,52
Special Schools	661,904,74	544,224.63	600,167.07	568,320.00	415,505.53	378.273.27	325,207.60	330,880.88	263,993.06	326,645,22
Charter Schools										
Capital outlay	872,839,38	46,638.92	1,353,976,77	503,944.34	613.482.92	2,554,310 02	10,262,280.18	4,218,069.98	2,572,466.09	542,687.59
Debt service:										
Principal	685,000.00	675,000.00	635,000.00	630,000.00	290,000,00	675,000.00	955,000.00	510,000.00	448,000,00	440.000 00
Interest and other charges	558,242.51	582,805.02	606,373.78	628,598,78	653,125.03	676,572 53	680,197.16	908:538:00	329,566.50	355,363,00
Total expenditures	37,781,098.65	36,599,138.80	38,701,646,66	36,989,956,54	37,707,796,29	38.211.028.86	43,024,134,00	35,194,613,60	30 724 103 23	26, 790, 844, 69
Excess (Deficiency) of revenues over (under) expenditures	561,136.69	1,571,278.13	(544,132.08)	575,223.83	279,169.23	(2,853,813.15)	(9,479,420.57)	(3.342.874.02)	(903,219.17)	163,359.98

Changes in Fund Balances - Governmental Funds, Last Ten Fiscal Veers (modified accrual basis of accounting) Unaudited

					Fiscal Ye	Fiscal Year Ending June 30.				
	2012	2011	2010	2009	2008	2007	2006	2005	2002	2003
										Average to the special state of the special state o
Other Financing sources (uses)										
Bond proceeds									10,920,000.00	
N.J. Economic Development Authority grants		289,916.00	481,518.74			(40.00)	69,280.00	(136,157.31)	5,079,332.00	87.830 00
Education Foundation Contribution								106,000,00		
Transfers in		434,918.00	775,737.79				209,407.03	578,047.33	169,113.39	20,210.00
Transfers out	(32,857,28)	(472,380.10)	(834,464 12)	(48, 189.03)	(50.975.25)	(53,735,25)	(259,248.25)	(647,861.86)	(198,333 51)	(30,615 71)
Total other financing sources (uses)	(32,857.28)	252,453.90	422,792.41	(48, 189.03)	(50,975.25)	(53,775.25)	19,438.78	(99,971.84)	15,970,111.88	77,424 29
Net change in fund balances	\$ 528,279.41	\$ 528,279,41 \$ 1,823,732.03	\$ (121,339.67)	\$ 527,034.80	\$ 228,213.98	\$ (2.907,588 40)	\$ (9,459,981 79)	\$ (3,442,845.86)	\$ 15,066,892.71	\$ 240,784.27
Debt service as a percentage of										
noncapital expenditures	3.41%	3.44%	3.32%	3.45%	3.35%	3.51%	3.77%	4.58%	2.76%	3.03%

Source: District records

BOROUGH OF MOUNTAIN LAKES

General Fund - Other Local Revenue by Source Last Ten Fiscal Years (modified accrual basis of accounting)

Unaudited

Miscellaneous	52,791.67 21,137.32 17,334.12 50,555.12 30,477.23 40,034.84 31,781.40 78,403.91 16,748.49 52,917.21
Σ	↔
Rentals	210,000.00 45,000.00 45,000.00 45,000.00 130,000.00 140,000.00 140,000.00 140,000.00
	₩
Interest	11,133.63 11,845.35 13,008.00 27,809.46 60,637.32 14,382.99 1,053.97
	∨
Hearing Impaired School Tuition	\$ 7,635,711.34 8,752,782.97 8,681,905.97 9,651,646.81 9,684,964.05 11,429,148.17 10,995,089.66 10,924,742.50 11,034,511.00
	00000+0000
Tuition	2,842,113.00 3,024,867.50 3,448,080.00 3,368,540.00 3,213,754.36 3,367,738.91 3,738,374.40 3,823,139.00 3,927,540.00 4,088,575.00
	⇔
Total	10,751,749.64 11,855,633.14 12,205,328.09 13,143,551.39 13,119,832.96 14,981,304.91 14,906,299.43 14,966,285.41 15,118,799.49
	∨
Fiscal Year Ended June 30,	2003 2004 2005 2007 2007 2009 2010 2011

Source: District records

Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years Unaudited

Total Direct School Tax Rate	2 182 2 376 2 513 1 139 1 190 1 237 1 478 1 471 1 500 1 509
Estimated Actual (County Equalized) Value	\$ 956,720,216 1,034,525,828 1,128,933,183 1,305,259,898 1,383,671,288 1,441,501,260 1,487,682,407 1,358,394,404 1,283,298,950
Net Valuation Taxable	\$ 630,961,930 634,515,951 639,917,067 1,474,893,716 1,475,160,245 1,477,533,321 1,284,172,607 1,290,679,428 1,293,069,079 1,285,362,542
Public Utilities	809,716 809,716 809,716 1,344,145 1,374,921 1,438,207 1,260,428 1,215,179 1,274,842
Total Assessed Value	639, 107,351 1,474,084,000 1,473,816,100 1,476,158,400 1,282,734,400 1,289,419,000 1,291,853,900 1,284,087,700
Apartment	•
Industrial	2,482,901 3,226,100 3,226,100 3,226,100 3,226,100 3,226,100 3,226,100 3,226,100 3,226,100
Commercial	49,059,100 100,339,100 98,174,600 98,570,200 98,695,800 100,103,900 101,099,400
Farm	1,500 1,500 1,500 1,500 1,500 1,500 2,700
Residential	585,216,500 1,359,592,200 1,361,882,600 1,364,323,300 1,174,577,900 1,168,665,300 1,167,579,900 1,167,579,900
Vacant Land	2,347,650 10,925,100 10,561,300 10,037,300 17,422,200 19,847,000 20,677,400
Fiscal Year Ended December 31.	2004 2005 2005 2007 2007 2009 (1 2010 2011 2011

(1) Revaluation effective

Source: Municipal Tax Assessor

BOROUGH OF MOUNTAIN LAKES

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited

Overlapping Rates	Total Direct and Overlapping Tax County Rate	0.446 3.080			0.226 1.620						
Overla	Municipality	0.452	0.521	0.545	0.255	0.282	0.308	0.368	0.374	0.374	0.409
ıte	Total Direct School Tax Rate	2.182	2.376	2.513	1.139	1.190	1.237	1.478	1.471	1.500	1.509
School District Direct Rate	General Obligation Debt Service	0.126	0.123	0.222	0.084	0.085	0.084	0.098	960.0	960.0	0.098
Scho	Basic Rate	2.056	2.253	2.291	1.055	1.105	1.153	1.380	1.375	1.404	1.411
	J				Ξ			〔			
	Fiscal Year Ended December 31,	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012

(1) Revaluation effective

Source: Municipal Tax Collector

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES

Principal Property Taxpayers Current Year and Ten Years Ago Unaudited

Taxable % of Total Assessed District Net Assessed Value LC \$ 15,174,100	2002	Taxable % of Total Assessed District Net Value Assessed Malus	t Appli	. 0.00%
Ed June 30, Assessed Assessed Assessed Value LC \$ 15,174,100 8,450,000 6,750,000 6,553,800 5,818,600 6,553,800 6,55			.	3%
ed June 30, LC \$ s Investors, LLC sociation b coup, LLC #1	2011	!		
		Fiscal Year Ended June 30,	S Investors, LLC s Investors, LLC sociation b roup, LLC #1	У

Source: Municipal Tax Assessor

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES

Property Tax Levies and Collections Last Ten Fiscal Years Unaudited

	ons to Date	Percentage of	99.32% 99.92% 99.92% 99.70% 99.75% 99.89% 99.71%
: (- -	l otal Collections to Date	Amount	18,058,915 19,563,007 21,419,022 22,682,992 23,849,356 25,084,204 26,104,980 27,068,830 27,065,845 27,141,568
	-		₩
:	Collections in	Subsequent Years	\$ 156,722 114,690 94,916 193,922 181,168 242,760 272,028 261,288
iscal Year of the		rercentage of Levy	99.32% 99.12% 99.43% 98.89% 98.89% 98.82% 98.75%
Collected within the Fiscal Year of the Levy		Amount	\$ 18,058,915 19,406,285 21,304,332 22,588,076 23,655,434 24,903,036 25,862,220 26,796,802 26,796,802 26,796,802 26,796,802
	l 	. 1	
	Taxes Levied for the	Fiscal Year	18,181,032 19,577,942 21,425,192 22,699,481 23,919,478 25,160,057 26,170,297 27,096,374 27,142,846 27,142,846
	Taxe		₩
Fiscal Year	Ended	December 31,	2002 2003 2004 2005 2006 2007 2008 2009 2010

Source: Municipal Tax Collector

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES

Ratios of Outstanding Debt by Type Last Ten Fiscal Years Unaudited

			Per Canita	and and and	\$ 1.646	4 102	3 980	3 903	3.784	3,626	3.475	3.401	3,223	3,038
		Percentage of	rersonal	Control of the contro	2.30%	5.55%	5.21%	4.95%	4.65%	4.31%	4.00%	3.80%	3.50%	3.20%
			Total District		\$ 7,043,000.00	17,515,000	17,005,000	16,590,000	16,015,000	15,425,000	14,795,000	14,160,000	13,485,000	12,980,000
Business-Type Activities			Capital Leases		÷									
		Bond Anticipation	Notes (BANs)	€	, A									
l Activities		Capital	Leases	¥	÷									
Governmental Activities		Certificates of	Participation	Ω										
		General Obligation	Spilon	\$ 7,043,000	17,515,000	17,005,000	16,590,000	16,015,000	15,425,000	14,795,000	14,160,000	13,485,000	12,980,000	
	Fiscal	Year Ended)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES

Ratios of Net General Bonded Debt Outstanding Last Ten Fiscal Years Unaudited

	\$ 1,646 4,102 3,980 3,903 3,784 3,626 3,475 3,401 3,223 3,038
	Percentage of Actual Taxable Value of Property 1.12% 2.76% 2.66% 1.12% 1.09% 1.10% 1.10% 1.04%
General Bonded Debt Outstanding	Net General Bonded Debt Outstanding
General Bondec	₩
	General Obligation Bonds 7,043,000 17,515,000 17,005,000 16,015,000 16,015,000 15,425,000 14,160,000 13,485,000 12,980,000
	Fiscal Year Ended June 30, 2003 2004 2005 2007 2008 2009 2011 2011 2011

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES

Direct and Overlapping Governmental Activities Debt As of December 31,2011 Unaudited

Net Direct Debt of School District

	\$ 12,670,000.00		12,829,018.89
		\$ 9,098,950.00	
as of December 31,2011	Net Overlapping Debt of School District: Borough of Mountain Lakes (1008)	County of Morris - Borough's share (1.38537%) of \$ 269,247,124.79	Total Direct and Overlapping Bonded Debt as of December 31,2011

Source: Borough of Mountain Lakes Chief Financial Officer and Morris County Treasurer's Office.

25,499,018.89

မှာ

BOROUGH OF MOUNTAIN LAKES BOARD OF EDUCATION

Legal Debt Margin Information Last Ten Fiscal Years Unaudited

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized valuation basis

2009 2010 2010 2010 2010 2010 2010 2010	1,421,784,970 1,352,726,605 1,287,989,930 \$ 4,062,501,505	\$ 1,354,167,168	54,166,687 13,485,000 \$ 40,681,687		2011 2012	56,707,142 \$ 54,166,687	13,485,000	43,222,142 \$ 40,681,687	23 78% 24 90%		2006	45,829,197 \$ 50.547.643		so.	
2008 54,382,627 15,425,000 38,957,627 2003 33,856,295 7,043,000 26,813,295	2009 2010 2011	d valuation of taxable property	average equalization value) oplicable to Limit argin	Fiscal Year		57,416,262 \$		43,256,262 \$		Fiscal Year		41,182,610 \$		24.177,610 \$	
		Average equalize	Debt limit (4 % of Total Net Debt A _f Legal debt m			69		s l				69		s	
					CAL		31	- 1			(2)		7		

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

31 68%

36 20%

41 29%

46 75%

20.80%

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES

Demographic and Economic Statistics Last Ten Fiscal Years Unaudited

Unemployment Rate	3.5%	%8.C	1.0%	0.5.0	%9:0 %9:0	% S C C	1.4%	1.4%	1.3%	
Per Capita Personal Income	71.536	73.897	76,335	78.854	81.457	84.145	86.922	89.470	92,154	94,919 (Est.)
Personal Income	306,031,570	315,539,437	326,181,245	335,210,427	344,724,694	357,951,793	370,111,889	372,463,610	385,572,754	.) 405,492,785
Population	4,278	4,270	4,273	4,251	4,232	4,254	4,258	4,163	4,184	4,272 (Est
Year	2003	2004	2002	2006	2007	2008	2009	2010	2011	2012

Sources

Population information provided by the NJ Dept of Labor and Workforce Development

Personal income has been estimated based upon the municipal population and per capita personal income presented Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis. Unemployment data provided by the NJ Dept of Labor and Workforce Development

			Percentage of Total Municipal Employment		0.00%
		2003	Rank [Optional]	Not Available	
S	0		Employees		0
BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES	Principal Employers Current Year and Nine Years Ago Unaudited		Percentage of Total Municipal Employment		%00.0
BOARE BOROUGH	Princ Current Yea	2012	Rank [Optional]	Not Available	
			Employees		0
			Employer		Source:

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES

Full-time Equivalent District Employees by Function/Program Last Eight Fiscal Years Unaudited

2012		112	121		9/	19	26	•	398
2011		115	121		9/	ნ თ	, 56		401
2010		115	123		9/	ာ တ	26		403
2009		118	130		78	0 0	56		381
2008		119	131		78	. 0	26		385
2007		126	761	į	72	თ (7 6		387
2006		125	2	ř	21	6 4	67		382
2005		120 126	•	9	8 %	6 E	2	700	361
2004									
2003								0	
Function/Program	Instruction Regular	Special education Other instruction	Support Services:	Student and instruction related services	General and business administrative services	Plant operations and maintenance	ugilariode i an india.	Total	Source: District Personnel Records
	<u>2003</u> <u>2004</u> <u>2005</u> <u>2006</u> <u>2007</u> <u>2008</u> <u>2009</u> <u>2010</u> <u>2011</u>	2003 2004 2005 2006 2007 2008 2010	2003 2004 2005 2006 2007 2008 2010 2011 120 125 126 119 118 115 115	2003 2004 2005 2006 2007 2008 2009 2010 2011 on 120 125 126 119 118 115 115 n 126 131 132 131 130 123 121	2003 2004 2005 2006 2007 2008 2009 2010 2011 120 125 126 119 118 115 115 115 115 115 115 115 115 121	on Introduction related services siness administrative services 2004 2005 2006 2007 2008 2010 2011 120 125 126 119 118 115 115 Itruction related services 69 71 72 78 78 76 76 siness administrative services 34 21 22 22 22 22 76 76	on Incition related services siness administrative services and maintenance 2004 2006 2007 2008 2010 2011 0n Incition related services siness administrative services and maintenance 120 125 126 119 118 115 115 120 126 131 132 131 130 123 121 120 77 72 78 78 76 76 120 9 9 9 9 9 9 9	on nuction related services sand maintenance son in on and anintenance son in on into a contract or a con	Stion/Program 2003 2004 2005 2006 2007 2008 2010 2011 Luction degular Special education Potestian Poter instruction or Services: School administrative services school administrative services admi

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES

Operating Statistics Last Ten Fiscal Years Unaudited

	Student Attendance Percentage	88888888888888888888888888888888888888
	% Change in Average Daily Enrollment	1.7% 1.9% 0.2% 0.1% 3.55% 2.7% 0.0% 0.0%
	Average Daily Attendance (ADA)	1,601.7 1,566.1 1,577.5 1,523.2 1,556.4 1,556.7 1,572.0 1,572.0
	Average Daily Errollment (ADE)	1,674 6 1,643 6 1,647 4 1649 0 1591 5 1635 2 1635 8 1649 0 1649 0
	Hearing Impaired School	4 4 4 5 5 5 5 5 5 5
Q	Senior High School	2 5 1 5 5 1 5 5 6 6 6 6 6 6 6 6 6 6 6 6 6
Pupil/Teacher Ratio	Middle	
Pup	Elementary	<u> </u>
	Teaching	234 245 247 248 248 237 231 231
	Percentage Change	9.58% 5.58% 13.07% 2.94% 3.18% 1.29%
	Cost Per Pupil	16,665 17,942 19,119 21,618 22,53 21,546 21,989 21,706 22,029
	Operating Expenditures 25.452.794	27,374,071 29,557,946 31,526,657 34,405,146 35,726,760 35,227,303 36,106,296 35,246,695 35,246,695 35,246,695
	Enrollment	1,643.6 1,647.4 1649.0 1591.5 1605.5 1635.0 1642.0 1619.0
	Fiscal Year 2003	2004 2005 2006 2007 2007 2010 2011 2011

Source: District records

Note: Enrollment based on annual October district count.

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES

School Building Information Last Ten Fiscal Years Unaudited

				Unaudited						
District Building	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Elementary Wildwood Elementary (1950) (1965) (1999) Square Feet Capacity (students) Enrollment			43,000 625 524	43,000 625 454	43,000 625 454	43,000 625 472	43,000 625 488	43.000 625	43,000 625	43 ,000 625
Middle School Briarcliff Middle School (1935) (1999) Square Feet Capacity (students) Enrollment			21.600 269 281	21,600 269 327	21,600 269 327	21,600 269 295	21,600 269 305	21,600 269 305	21,600 269 269	21,600 269
High School Mountain Lakes High School (1953) (1972) (2006) Square Feet Capacity (students) Enrollment	(90		115,000 655 702	150,000 750 692	150,000 750	150,000	150,000	150,000 750	323 150,000 750	319 150,000 750
Lake Drive School for Deaf and Hard of Hearing Children (1914) (1920) Square Feet Capacity (students) Frontinger			14,500	14,500 194	692 14,500 194	691 14,500	711	711	710	727
Other Central Administration Square Feet			1.186	102	102	145	194 131 1,186	194 131 1,186	194 108 1,186	194 77 1,186

Number of Schools at June 30, 2012 Elementary = 1 Middle School = 1 Senior High School = 1 Special Ed School = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of alterations and additions. Enrollment is based on the annual October district count.

BOROUGH OF MOUNTAIN LAKES

General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited

Undistributed Expenditures-Required Maintenance for School Facilities 11-000-261-xxx

2004	\$172,132 86,467 58,045 460,354	\$776,998
2005	\$172,709 100,525 221,513 379,232	\$ 873,979
2006	\$ 132,597 85,933 104,698 327,840	\$ 651,068
2007	\$ 90,941 50,785 141,467 292,087	\$ 575,280
2008	\$ 113,400 60,814 261,431 264,004	\$ 699,649
5006	\$ 114,263 68,523 263,795 362,570	\$ 809,151
2010	\$ 292,691 58,093 206,024 88,851	\$ 645,658
2011	\$ 119.298 63.698 134,124 330,822	\$ 647,942
2012	\$118,173 73,329 81,202 380,295	\$652,999
Ten Year Total	\$1,436,448 714,277 1,534,413 3,172,417	\$6,857,555
Gross Building Area (SF)	43,000 21,600 14,500 160,000	239,100
Pending Projects (w/DOE Project #)	SP3460-060-04-1000	
*School Facility	Wildwood Elementary Briarchiff Middle Lake Drive School M.L. High School	

\$110,245 66,110 62,114 286,362

2003

\$ 524,830

*School facilities as defined under EFCFA. (N.J.A.C.6A.26-1.2 and N.J.A.C.6A.26A.1.3)

Source: District records

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES

Insurance Schedule As of June 30, 2012 Unaudited

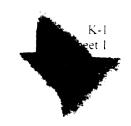
Educational Risk and Insurance Consortium (ERIC West) (N.J. School Boards Association Insurance Group) School Package Policy:		Coverage	<u></u>	<u>Peductible</u>
Property - Blanket Building & Contents (Consortium Total) Electronic Data Processing Property Damage Crime Coverage - Public Employee Dishonesty Comprehensive General Liability Automobile School Board Legal Liability Crime Coverage - Forgery or Alteration	\$	65,694,641 1,450,000 100,000,000 100,000 11,000,000 11,000,000	\$	5,000 1,000 5,000 500 1,000 0 0
School Leaders Errors and Omissions Liability Policy (NJSBAIG)		11,000,000		5,000
Student Accident Insurance - Compulsary Coverage (NJSBAIG)		5,000,000		0
Firemen's Fund Indemnity Corporation Excess Umbrella Liability		50,000,000		0
Zurich American Insurance Company Environmental Liability - TAK Coverage Only		11,000,000		10,000
Monumental Life Insurance Company Student Accident Insurance - Voluntary Coverage		500,000		
Morris Essex Workers' Compensation Joint Insurance Fund Workers' Compensation Insurance	100,000/	500,000/100,000		
Utica National Insurance Group Surety Bonds: Treasurer				
School Business Administrator		250,000 120,000		500 500

Source: District records

Single Audit Section



T. M. Vrabel & Associates, LLC Accountants and Auditors



Timothy M. Vrabel, RMA, PSA Chris C. Hwang, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable President
Members of the Board of Education
Borough of Mountain Lakes School District
County of Morris, New Jersey

We have audited the basic financial statements of the Borough of Mountain Lakes School District as of and for the year ended June 30, 2012, and have issued our report thereon dated August 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in <u>Government Auditing Standards</u> issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of Borough of Mountain Lakes School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Borough of Mountain Lakes School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Mountain Lakes School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Mountain Lakes School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

170 East Main Street P.O. Box 541

Denville, NJ 07834 973-625-2920 Fax: 973-625-8733

Email: tmvrabeldvc@optonline.net

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Mountain Lakes School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under <u>Governmental Auditing Standards</u> and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of management, the Borough of Mountain Lakes School District and the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

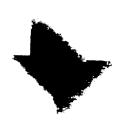
Timothy M Vrabel Public School Accountant

Turnty m. Wratel

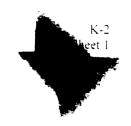
License No. CS000698

Chris C. W. Hwang Certified Public Accountant License No. CC033704

August 31, 2012



T. M. Vrabel & Associates, LLC Accountants and Auditors



Timothy M. Vrabel, RMA, PSA Chris C. Hwang, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL

EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

IN ACCORDANCE WITH OMB CIRCULAR A-133 AND

NEW JERSEY OMB CIRCULAR LETTER 04-04

The Honorable President
Members of the Board of Education
Borough of Mountain Lakes School District
County of Morris, New Jersey

Compliance

We have audited the compliance of the Borough of Mountain Lakes School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the year ended June 30, 2012. Borough of Mountain Lakes School District major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Borough of Mountain Lakes School District's management. Our responsibility is to express an opinion on Borough of Mountain Lakes School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance. Department of Education, State of New Jersey; OMB Circular A-133, <u>Audits of States</u>, <u>Local Governments</u>, and <u>Non-Profit Organizations</u>; and New Jersey Office of Management and Budget Circular Letter 04-04 <u>Single Audit Policy for Recipients of Federal Grants</u>, <u>State Grants and State Aid</u>. Those standards, OMB Circular A-133 and New Jersey OMB's Circular Letter 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Borough of Mountain Lakes School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Borough of Mountain Lakes School District's compliance with those requirements.

170 East Main Street
P.O. Box 541

Denville, NJ 07834 973-625-2920 Fax: 973-625-8733

Email: tmvrabeldvc@optonline.net

In our opinion, the Board of Education of the Borough of Mountain Lakes School District, in the County of Morris, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Borough of Mountain Lakes School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Borough of Mountain Lakes School District's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Mountain Lakes School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Mountain Lakes School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, the Borough of Mountain Lakes School District, the New Jersey State Department of Education and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Timothy M. Vrabel Public School Accountant

Timely M. Undel

License No. CS000698

Chris C. W. Hwang Certified Public Accountant License No. CC033704

August 31, 2012

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES

					Schedule of Exp. For the F	e of Expenditures of Federal Awards, Sch For the Fiscal Year Ended June 30, 2012	Schedule of Expenditures of Federal Awards, Schedule A For the Fiscal Year Ended June 30, 2012	۷ و						
Federal Grantor/Pass-Through	Federal CFDA or Grant	Grant		ā			BUDGETA	<u>BUDGETARY EXPENDITURES</u>	TURES		Repayment of	d		
Grantor/Program Title	Number		Amount	July 1, 2011	Adjustments	Cash Received	Disbursements	Accounts Payable	Encumbrances	Total	Prior Years' Balances	Accounts Receivable	Deferred Deferred Revenue	Due to
U.S. Department of Agriculture Passed . Through State Department of Education.														
School Breakfast Program School Breakfast Program National School Lunch Program Total U.S. Department of Agriculture	10.553 10.553 10.555	7/1/11-6/30/12 7/1/10-6/30/11 //1/11-6/30/12	\$ 7,250 75 9,159 66 13,938.79	(697 16)		\$ 6.717.46 697.16 12.906.19 20.320.81	\$ 7.250.75 1 13.938 79 21,189.54	•		\$ 7,250 75 13,938 79 21,189 54	:	\$ (533.29) (1032.60)		
U.S. Department of Education Passed - Through State Department of Education.												(80 COC' 1)		
General Funds ARRA Education Jobs Fund Total U.S. Department of Education (Fund 10)	84 410A Jund 10)	84 410A 7/1/11-6/30/12	32,506 00			32,506,00	32,506.00			32 506 00				
Special Revenue Funds:	(2)			*		32,506 00	32,506.00			32,506 00				
E.S.E.A. Trite II A E.S.E.A. Trite II D	84 367A 84 367A 84 367A	9/1/11-8/31/12 9/1/10-8/31/11 9/1/09-8/31/10	31,662,00 23,899,00	(1,440 10)		11,654 90 1,440 10	30,613 72		248 00	30.861.72		(19,206.82)		
I.D.E.A. Part B, Basic I.D.E.A. Part B, Basic	84 027A 84 027A		257,556 00	(40.0U)		46.00	242,352 14		8,331 00	250,683 14			1 636 96	
LDEA Part B. Preschool LDEA Part B. Preschool ARRA LDEA Bases	84 173A 84 173A		7,260 00	(599 00)		5,070.00	393 00 2,540 96		3,300.00	393.00 5,840.96		(770.96)	28	
ARRA LOE A. Preschool	84.391	7/1/09-8/31/11 7/1/09-8/31/11	262,464.00 9,494.00	94 93 (2,186.28)		446.00	540 93			540 93				
our C.S. Department of Education (Fund 20)	und 20)			(3,783.45)	6	340,762 00	345,696,77		11,879.00	357,575 77		(22, 133,08)	1.535.86	
Total Federal Financial Assistance				\$ (4,480.61)	,	\$ 393,588.81	\$ 399,392.31					\$ (23,698.97) \$ 1.535.86	\$ 1535.86 \$	THE RESIDENCE OF THE PARTY OF T
The accompanying Notes to School-de Accompanying											The same of the sa			

¥

BOARD OF EDUCATION
BOROUGH OF MOUNTAIN LAKES
Schedule of Expanditures of State Financial Assistance, Schadule B
For the Fiscal Year Ended June 30, 2012

	State Grantot/Program Title	Grant or State Project Number	Grant	Award	Batance July 1 2015		Cash	BUDGETA	RUDGETARY EXPENDITURES Accounts		Repayment of	Balance	Belance June 10 2042	
	State Department of Education.				1 1 1 1 1 1 X X	Adjustments	Received	Disburgements Pavable	Payable Encumbrances	Total	Prior Years' Belances	Accounts		Due to
	General Funds: Categorical Special Education Act													0
	Extraordinary Aid	12-495-034-5120-089	7/1/11-6/30/12	\$ 675,498 00	,	20000								
	Non-Busic Towns	11-100-034-5120-473	7/1/10-6/30/12	151 087 00			\$ 609,993 63	\$ 675,498 00		\$ 675 498 00	٠			
	Non-Public Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	8 178 00	(143,949.00)		143,949,00	151.087.00				(58.678.00) \$	•	•
	Bullying Prevention State Aid Grant	17-495-034-5120-014	7/1/10-6/30/11	7,656.00	(7.856.00)			8,178,00				100 100 101		
	Reimbursed TPAF Social Security Contribution	12-495-034-5064-201	7/1/11-6/30/12	12,987 00	(00.000)		7,656 00			97.178.00		(8,178.00)		
	On Behalf The T. Social Security Contribution	11-495-034-5095-002	7/1/10-6/30/12	1,279,110.48	;		1.219.247.07	12,987.00						
	Total General Eurote	12-495-034-5095-001	7/1/11-6/30/12	1 649 975 00	(62,211,66)		62.211.66	1,474,110.40		1,279,110.48		(59.863 41)		
	SDID BUSING			200	(313 946 95)	***************************************	1,649,975,00	1,649,975.00						
	Special Revenue Funds:				(00 010 017	6.826.37	3,706,019,36	3,776,835 48		3 763 646 40	erteranja.	Pleasuring of a control of complete manners play a contract of the control of the		
	New Jersey Nonpublic Aid									3, 103,040,48	**************************************	(277,806.41)		
	Handicapped Services	12-100-034-5120-064	7/1/11-6/30/12	6 501 00										
	Examination and Classification	100 000		200			6,501.00	6.501.00		•		,		
	Examination and Classification	11-100-034-5120-066	7/1/11-6/30/12	47,198 00						6,501 00				
	Corrective speech Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	33 570 00	2.072.12	(2,072.12) (1)	00.981.74	46,884,72		46,884.72				
	Supplementary Instruction	11-100-034-5120-066 12-100-034-5120-066	7/1/10-6/30/11	31,919.00	3,365,05	(3.365.05)	33,570 00	32,776 71		12 277 54				313.28
	Nucsing Secures	11-100-034-5120-066	7/1/10-6/30/12	1,403.00		(1) (co-coccio)	1 403 00			16,110,1				793 29
	Health Sciences Elp	12-100-034-5120-070	7/1/11-6/30/12	2,064,00	1,389 20	(1.389.20) (1)	On sopt			,				
. ~	Health Sciences Elp	05-217-EIP-M3	7/1/11-6/30/12	150,000,00			9.286 00	9.286.00					-	1,403 00
, ~	Total Special Revenue Funds	05-217-EIP-M3	7/1/10-6/30/11	153,901.68	(04 077 90)		137,040,33	149,512.70		9,286.00				
					(32.544 13)	. 9C 8 97	43.272 18	3.901 68		3 901 68		(12,472.37)		
	Capital Project Funds:			ing.	/	(15 020 0)	278,270 51	248,862.81	ı	248 862 81	***************************************	The state of the same of the s		
	N.J. Schools Development Authority Grant	SP3460-080-09-1001							•	10 700	-	(12.472.37)	2	2,509.57
	oral Capital Project Funds			Training	(289 946 00)		160.535 04							
-	Debt Service Funds:			Taxas.	(289.946.00)		160,535 04			4	**************************************	(129,410.96)		
	Debt Service Aid - State Support Total Deft Service France	12-495-034-5120-125	7/1/11-6/30/12	107 108 00							**************************************	(129,410.96)		
	Spirit and the spirit			8			107 106 00	107,106,00		2000				
-	Enterprise Funds: State School Lunch Program	100 000 000 000					107,106,00	107 108 00	Rans.	107, 106,00				
	Total Enterprise Funds:		7/1/11-6/30/12	430.38			307.34							
	Total All Funds			***	mayre (A) and make a special and a special a	**************************************	397.24	430 39	,	430 39	and the second s	(33.15)		
<u> </u>	(1) Reallocated (2) Canceled			ما	(536,306 79) \$,	\$ 4,252,328.15 \$	5 4.133.234.68 \$	The state of the s	\$ 4,120,247.68 \$	With the state of	(33.15)	j	
-	The accompanying Notes to Caraca												2 2	2 509 57

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE YEARS ENDED JUNE 30, 2012 AND 2011

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Borough of Mountain Lakes School District Board of Education. The Board of Education is defined in Note I:B. to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes I:E and Note I:F. to the Board's basic financial statements. The information in the schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent year due to the state deferral and recording of the state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more deferred June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE YEARS ENDED JUNE 30, 2012 AND 2011 (CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$58,678.00) for the general fund and (\$11,521.19) for special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

General Fund	\$\frac{\text{Federal}}{32,506.00}\$ 280,684.77 -0- 21,1889.54	\$ 3,718,157.48	\$ \$3,750,663.48
Special Revenue Fund		249,220.68	\$29,905.39
Debt Service Fund		107,106.00	107,106.00
Food Service Fund		430.39	21,619.93
Total Awards and Financial Assistance	\$ 334,380.31	\$4,074,914.49	\$4,409,294.80

Note 4: Relationship to State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial reports.

Note 5: Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for post-retirement medical benefits and the normal and accrued liability pension costs for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Part I – Summary of Auditor's Results

Financial Statement Section

A) Type of auditor's report issued:	Unqualified
B) Internal Control over financial reporting:	
 Material weakness(es) identified? Were significant deficiencies identified that were not considered to be material 	yesXno
weaknesses?	yesXnone reported
C) Noncompliance material to basic financial statements noted?	yesX_no
Fordonal Assemble Co. C. St. A. C. St. A. C. St.	

Federal Awards Section - Not Applicable

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Part I – Summary of Auditor's Results (Continued)

State Financial Assistance Section

F) Dollar threshold used to determine Programs	Type A \$ 300,000.00
K) Auditee qualified as low-risk audit	ee? <u>X</u> yes <u>no</u>
L) Type of auditor's report on complimajor programs.	ance forUnqualified
M) Internal Control over compliance:	
 Material weakness(es) ident Were significant deficiencie that were not considered 	s identified to be
material weaknesses?	yesXnone reporte
N) Any audit findings disclosed that ar to be reported in accordance with N Circular 04-04?	re required N.J. OMByesXno
O) Identification of major programs:	
GMIS Number(s)	Name of State Program
12-495-034-5095-002	Reimbursed T.P.A.F. Social
	Security Contribution
12-495-034-5120-089	Categorical Special Education Aid

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011 (CONTINUED)

Part 2 - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Not Applicable

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011 (CONTINUED)

Part 3 – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

Not Applicable

K-7

BOARD OF EDUCATION BOROUGH OF MOUNTAIN LAKES SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

Not Applicable